



FINAL ANNUAL BUDGET OF
NONGOMA MUNICIPALITY

2014/15 TO 2016/17

MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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Abbreviations and Acronyms

<i>AMR</i>	<i>Automated Meter Reading</i>	<i>KPI</i>	<i>Key Performance Indicator</i>
<i>ASGISA</i>	<i>Accelerated and Shared Growth Initiative</i>	<i>LED</i>	<i>Local Economic Development</i>
<i>BPC</i>	<i>Budget Planning Committee</i>	<i>MEC</i>	<i>Member of the Executive Committee</i>
<i>CFO</i>	<i>Chief Financial Officer</i>	<i>MFMA</i>	<i>Municipal Financial Management Act Programme</i>
<i>CM</i>	<i>City Manager</i>	<i>MIG</i>	<i>Municipal Infrastructure Grant</i>
<i>CPI</i>	<i>Consumer Price Index</i>	<i>MMC</i>	<i>Member of Mayoral Committee</i>
<i>CRRF</i>	<i>Capital Replacement Reserve Fund</i>	<i>MPRA</i>	<i>Municipal Properties Rates Act</i>
<i>DBSA</i>	<i>Development Bank of South Africa</i>	<i>MSA</i>	<i>Municipal Systems Act</i>
<i>DORA</i>	<i>Division of Revenue Act</i>	<i>MTEF</i>	<i>Medium-term Expenditure Framework</i>
<i>EE</i>	<i>Employment Equity</i>	<i>MTREF</i>	<i>Medium-term Revenue and Expenditure Framework</i>
<i>EM</i>	<i>Executive Mayor</i>	<i>NGO</i>	<i>Non-Governmental organisations</i>
<i>FBS</i>	<i>Free basic services</i>	<i>NKPIs</i>	<i>National Key Performance Indicators</i>
<i>GAMAP</i>	<i>Generally Accepted Municipal Accounting Practice</i>	<i>OHS</i>	<i>Occupational Health and Safety</i>
<i>GDP</i>	<i>Gross domestic product</i>	<i>OP</i>	<i>Operational Plan</i>
<i>GFS</i>	<i>Government Financial Statistics</i>	<i>PMS</i>	<i>Performance Management System</i>
<i>GRAP</i>	<i>General Recognised Accounting Practice</i>	<i>PPE</i>	<i>Property Plant and Equipment</i>
<i>HR</i>	<i>Human Resources</i>	<i>PTIS</i>	<i>Public Transport Infrastructure System</i>
<i>HSRC</i>	<i>Human Science Research Council</i>	<i>SALGA</i>	<i>South African Local Government Association</i>
<i>IDP</i>	<i>Integrated Development Strategy</i>	<i>SAPS</i>	<i>South African Police Service</i>
<i>IT</i>	<i>Information Technology</i>	<i>SDBIP</i>	<i>Service Delivery Budget Implementation Plan</i>
<i>KM</i>	<i>Kilometre</i>	<i>SMME</i>	<i>Small Micro and Medium Enterprises</i>
<i>KPA</i>	<i>Key Performance Area</i>		

Part 1 – Annual Budget

1.1 Mayor's Budget Speech

Honorable Speaker – Cllr A N Mchunu

Honorable Deputy Mayor – Cllr T B Nyoka

Honorable Members of the Executive Committee

Honorable Councillors

Municipal Manager – Mr. BE Ntanzu

Heads of Department

Ladies and Gentlemen

I am honored to present to you the final budget for 2014/15 financial year today. I am hopeful that you will positively engage this budget with progressive ideas aimed at shaping the future and sustainability of Nongoma Municipality.

In the past five years, the world economy has gone through its deepest recession in over 70 years. Signals are that the recovery is still fragile and many commentators caution that current positive economic trends may be short-lived and that the world economy may yet experience a second recessionary wave. Nongoma Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things declining collection rates; historic expenditure patterns and a general lack of “doing business smarter”.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Nongoma Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the **municipality's financial plan** is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

The 2014/15 budget was prepared under challenging circumstances. It has taken a lot of effort and creativity to balance this budget. What we have tried to achieve with this year's budget is to meet the obligations of the municipality towards its electorate – you the voter, you the community member of Nongoma. To bring the best services to you with the financial resources we have is a mammoth task. However working together we can do more.

Mr Speaker, it is acknowledged that while the municipality is not a profit-making institution it must be maintained and managed as a going concern; therefore we cannot do without increasing the cost of service.

We have started a revenue enhancement project, the vehicle testing centre which will be finalized in the new financial year. This project aims at increasing our revenue base, which will result in the upward revision of the grade of this municipality.

This budget is viewed by us as a budget for the people by the people. It covers the aspirations of our youth, by looking at their future. It talks to the needs of people living with HIV and AIDS. It does not discriminate people living with disabilities. It was done according to the budget guidelines.

Mister Speaker, we table several documents to the sitting of Council. We are aware that this is a huge volume but we do it to show transparency on how this budget was arrived at and the benefits to be derived by our community from the municipality's programmes.

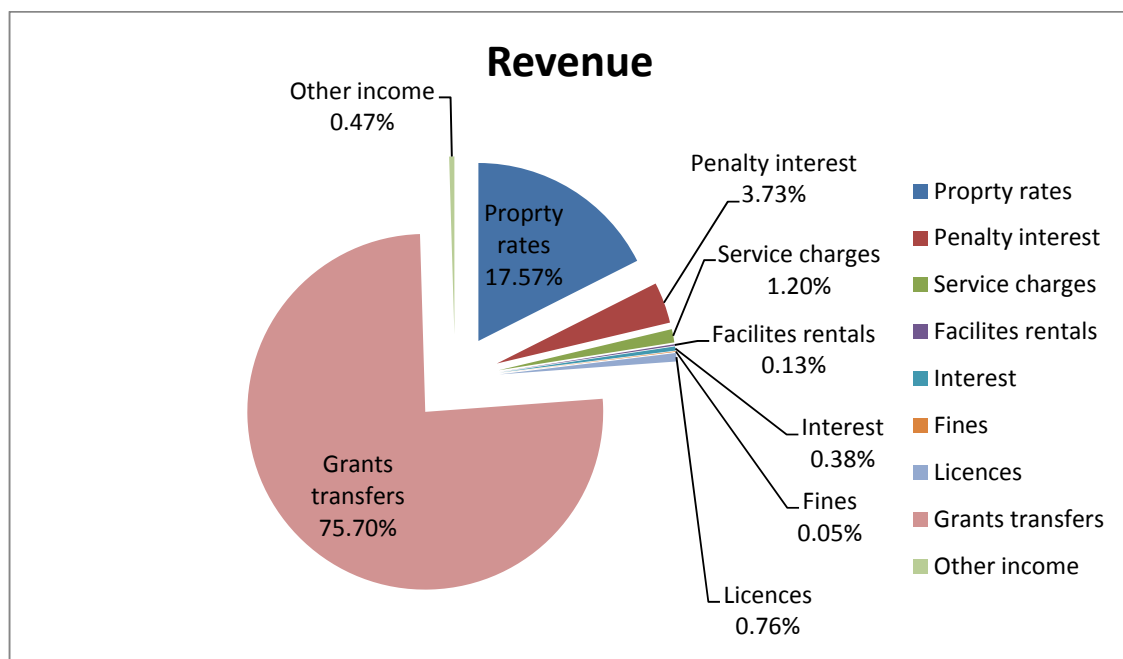
Mister Speaker, listed below are the highlights of the 2014/15 MTREF Budget:

Details	Current year - 2013 / 2014		Medium Term Revenue and Expenditure Framework		
	Original Budget	Revised Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Total operating revenue	99 959 258	116 074 470	133 251 985	161 442 904	164 234 978
Total operating expenditure	91 275 100	109 756 666	124 449 362	137 876 596	146 795 170
Operating Surplus/(Deficit)	8 684 158	6 317 804	8 802 623	23 566 308	17 439 808
Add: Total capital expenditure	95 675 000	55 649 870	57 938 000	62 660 000	63 922 000
Total Budget for the year	186 950 100	165 406 536	182 387 362	200 536 596	210 717 170

Emanating from the budget highlights above, the following are the revenue and expenditure detailed budget highlights:

a) Detailed operating revenue

Details	Current year - 2013 / 2014		Medium Term Revenue and Expenditure Framework		
Rands	Original Budget	Revised Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Property rates	8 410 521	22 082 310	23 407 249	24 811 684	26 300 385
Penalty interest	1 362 514	4 693 124	4 974 711	5 273 194	5 589 585
Service charges	1 655 458	1 508 442	1 601 966	1 696 482	1 789 788
Rentals of facilities	186 336	166 336	176 649	187 072	197 361
Investment revenue	481 853	481 853	511 728	541 920	571 725
Fines	67 156	67 156	71 320	75 528	79 682
Licences & Permits	2 010 000	627 670	1 010 000	1 069 590	1 128 417
Transfers recognized	85 384 000	85 534 000	100 870 000	127 122 000	127 876 000
Other revenue	401 419	913 578	628 363	665 436	702 035
Total revenue	99 959 258	116 074 470	133 251 985	161 442 904	164 234 978

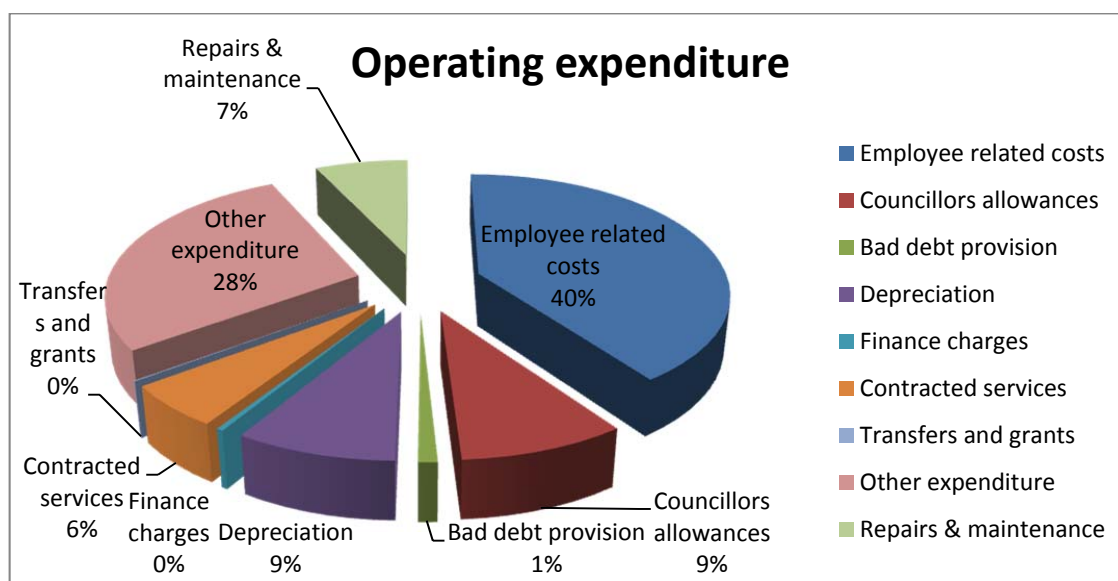


b) Detailed operating expenditure

Details	Current year - 2013/2014		Medium Term Revenue and Expenditure Framework		
	Original Budget	Revised Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Financial Performance					
Employee related costs	39 756 741	46 353 967	49 590 511	52 764 303	56 141 219
Remuneration of councillors	10 426 643	10 426 643	11 052 242	11 604 854	12 185 096
Bad debt provision	974 376	1 197 593	1 271 844	1 346 883	1 420 961
Depreciation & impairment	3 478 238	9 969 560	10 587 673	11 212 345	11 829 024
Finance charges	1 125 465	78 038	462 398	1 080 514	2 058 449
Contracted services	6 745 198	6 554 467	6 960 844	9 385 275	9 901 465
Transfers and grants	99 196	115 924	123 111	130 375	137 546
Other expenditure	20 265 700	30 073 939	35 729 186	40 805 330	43 049 624
Repairs & maintenance	8 403 542	4 986 534	8 671 553	9 546 717	10 071 787
Total expenditure	91 275 100	109 756 666	124 449 362	137 876 596	146 795 170

For the purpose of strengthening the internal audit unit as well as providing more human capital in the Technical services department and other departments, the provision has been made in the budget for positions to be filled during budget period as follow:

- Internal Auditor, Internal audit trainee, Two (2) Technicians for Technical services department, Traffic examiner, Community Services manager, HR Manager, IT Technicians etc.



Mr Speaker, the R35.7 million for other expenditure is broken down as follows:

Details	Current year - 2013/2014		Medium Term Revenue and Expenditure Framework		
	Original Budget	Revised Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Rands					
Advertising & Recruit	206 772.68	296 341.53	314 714.70	456 376.62	481 477.34
Audit Fees	1 082 400.00	1 537 632.00	1 632 965.18	1 729 310.13	1 824 422.19
Internal Audit Fees	250 000.00	650 000.00	500 000.00	529 500.00	558 622.50
Catering & Refreshment	281 627.41	513 843.28	545 701.56	779 522.90	822 396.66
Debts Collection	516 800.00	116 800.00	996 000.00	1 054 764.00	1 112 776.02
Pauper Burials	167 270.40	472 888.42	500 000.00	529 500.00	558 622.50
HIV/Aids	1 000 000.00	400 000.00	1 500 000.00	1 588 500.00	1 675 867.50
Public Participation	56 000.00	256 000.00	600 000.00	635 400.00	670 347.00
Sports	1 500 000.00	1 500 000.00	1 500 000.00	1 588 500.00	1 675 867.50
Tourism Artwork	35 000.00	15 000.00	35 000.00	37 065.00	39 103.58
Legal Fees	493 431.84	337 867.27	558 515.04	888 038.91	936 881.05
Transport costs	160 844.64	125 696.66	133 489.85	150 466.64	158 742.31
Printing & Stationery	247 919.30	353 294.54	807 853.70	1 023 414.92	1 079 702.74
Ward Committees	574 464.00	274 464.00	2 520 000.00	2 668 680.00	2 815 457.40
Conference & Seminars	218 147.42	104 190.31	145 850.11	167 540.35	176 755.07
Subsistence & Transport	1 743 097.92	1 986 773.01	2 137 511.93	2 467 492.97	2 603 205.08
Accommodation costs	839 155.88	1 384 266.10	1 569 759.55	2 014 891.26	2 125 710.28
Teas & Cleaning	168 347.52	108 347.52	115 065.07	182 953.46	193 015.90
Telephone	383 050.57	623 599.46	662 262.62	983 640.69	1 037 740.93
Disasters	1 000 000.00	1 000 000.00	700 000.00	741 300.00	782 071.50
Insurance	556 492.99	594 250.00	1 631 093.50	1 727 328.02	1 822 331.06
Bank Charges	17 525.00	49 761.65	52 846.87	55 964.84	59 042.90
Training	1 127 513.38	724 253.31	769 157.01	1 138 309.53	1 200 916.56
Disabled Persons	557 568.00	257 568.00	528 000.00	559 152.00	589 905.36
Software & Licences	463 584.00	570 054.60	854 397.99	1 037 026.47	1 094 062.92
Professional Fees	1 975 354.57	5 977 007.68	4 577 853.58	4 847 946.95	5 114 584.03
Policies, plans development & review	-	3 649 694.72	2 955 800.00	3 342 592.20	3 526 434.77
Small Tools	43 801.62	47 801.62	140 765.32	149 070.47	157 269.35
Protective Clothing	407 976.10	507 976.10	509 503.55	539 564.26	569 240.29
Refuse bags	107 066.78	27 066.78	221 583.99	234 657.44	247 563.60
Fuel	652 504.96	1 043 707.27	1 108 417.12	1 762 383.21	1 859 314.29
Water and Electricity	359 076.96	259 018.46	275 077.60	291 307.18	307 329.08
IDP Planning	836 360.00	1 487 080.14	1 100 000.00	1 164 900.00	1 228 969.50
LED Projects	1 260 000.00	2 077 600.43	2 400 000.00	2 541 600.00	2 681 388.00
Youth Development	791 746.56	391 746.56	750 000.00	794 250.00	837 933.75
Shared Services	184 800.00	352 348.05	380 000.00	402 420.00	424 553.10
Total expenditure	20 265 700	30 073 939	35 729 186	40 805 330	43 049 624

c) Capital Expenditure

Details	Current year - 2013/2014		Medium Term Revenue and Expenditure Framework		
Rands	Original Budget	Revised Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
MIG projects implementation	27 343 000	27 343 000	29 812 000	31 160 000	32 422 000
MIG rolled over projects	-	7 321 777			
Electrification projects - rollover	8 000 000	9 834 378	6 000 000	10 000 000	10 000 000
NDPG projects Bus & Taxi rank	26 100 000	26 000 000	9 867 000	-	-
Municipal pound	500 000	830 000	-	-	-
Vehicle purchase	5 322 000	650 000	1 950 000	500 000	500 000
Computer equipments	93 000	236 670	258 000	-	-
Furniture	215 000	285 000	497 000	-	-
Plant and equipment	1 102 000	305 200	1 454 000	-	-
Fencing	1 000 000	-	1 120 000	1 000 000	1 000 000
Municipal offices	20 000 000	-	-	20 000 000	20 000 000
Testing centre	6 000 000	-	6 000 000	-	-
Others	-	-	980 000	-	-
Total expenditure	95 675 000	72 806 025	57 938 000	62 660 000	63 922 000

Some of the projects to be undertaken over the medium-term includes, amongst others:

- ✚ *Bus and Taxi rank upgrade. Funding available amounts to R9.8 million*
- ✚ *Electrification projects to the value of R6 million*
- ✚ *Construction of recreational facilities (sports fields) – R0.160 million;*
- ✚ *Construction of rural roads – R15.1 million;*
- ✚ *Construction of community halls – R13.9 million*
- ✚ *Fencing of cemeteries R1.1 million*
- ✚ *Construction of phase 2 of the vehicle testing center – R6million*
- ✚ *Purchase of vehicles for waste management related services namely, TLB, compactor truck and 4x4 bakkie.*
- ✚ *Municipal backup generator, GIS servers etc*
- ✚ *IT servers and Air conditioners*
- ✚ *The municipality will be implementing the expanded public works programme for an amount of R1 million as per the National Treasury allocation.*

Tariffs

When revising tariffs and other charges, municipalities are urged to take into account the cost of rendering a service in order to ensure financial sustainability. In revising the tariffs we have taken into account the harsh economic realities of Nongoma. It is impossible to increase the tariffs beyond the inflation target of 6%. Municipalities are required to justify all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target.

Municipal property rates tariffs has been increased by 6% while tariffs for other service charges have also been increased by the same 6% for the 2014/15 financial year and 5.5% for the two outer years of the MTREF. This is per the budget preparation guideline provided in the MFMA budget circulars.

We will continue to provide free basic service to poor and indigent households and therefore we urge those households which qualify for indigent and other support to come forward and register for a subsidy.

Mr Speaker, allow me to confirm that although we want to do far more than the mentioned elements as well as everything that is captured in this budget, we cannot do everything in one year or even in two years but we will strive to ensure that the needs of our community are fulfilled.

In conclusion, Mr Speaker, I can without doubt state that the proposed 2014/15 multi-year budget attempts to support the role of Nongoma Municipality and will definitely contribute to poverty alleviation and improving the lives of the community.

I want to pay special gratitude to the Councillors of Nongoma, the Municipal Manager Mr BE Ntanzi, the Chief Financial Officer Mr M Mthembu, the Heads of Departments and all the staff of Nongoma, for the good work they did in producing this budget. It will improve the lives of the people.

I thank you

Hon Councillor J B Mavundla
Mayor of Nongoma Municipality.

1.2 Council Resolutions

On 24 May 2014 the Council of the Municipality met in the Council Chambers of Nongoma Municipality to consider the final budget of the municipality for the financial year 2014/15. The Council approved and adopted the following resolutions:

1. The Council of Nongoma Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:
 - 1.1. The final annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 10 on page 23;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 11 on page 24;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 12 on page 25; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 13 on page 27.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 14 on page 29;
 - 1.2.2. Budgeted Cash Flows as contained in Table 15 on page 31;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 16 on page 32;
 - 1.2.4. Asset management as contained in Table 17 on page 34; and
 - 1.2.5. Basic service delivery measurement as contained in Table 18 on page 36.

2. The Council of Nongoma Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:

- 2.1. the tariffs for property rates – as set out on page 14.

3. The Council of Nongoma Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs for other services, as set out on page 14.

4. To give proper effect to the municipality's draft annual budget, the Council of Nongoma Municipality approves:

- 4.1. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2014/15 financial year.

- 4.2. That the Municipal Manager be authorized to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 71 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- ✚ The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- ✚ Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of solid waste disposal. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- ✚ There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is an overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

Table 1 Overview of the 2014/15 MTREF

Current year - 2013 / 2014			Medium Term Revenue and Expenditure Framework		
Details	Original Budget	Revised Budget	Budget Year 2014/15	Budget Year 2015/16	Budget Year 2016/17
Total operating revenue	99 959 258	116 074 470	133 251 985	161 442 904	164 234 978
Total operating expenditure	91 275 100	109 756 666	123 449 362	136 817 596	145 677 925
Operating Surplus/(Deficit)	8 684 158	6 317 804	9 802 623	24 625 308	18 557 053
Add: Total capital expenditure	95 675 000	55 649 870	57 938 000	62 660 000	63 922 000
Total Budget for the year	186 950 100	165 406 536	181 387 362	199 477 596	209 599 925

Total operating revenue has grown by 14.7% or R17.1 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by 21.2% and 1.7% respectively, equating to a total revenue growth of R30.9 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R123.4 million and translates into a budgeted surplus of R9.8 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 12.5% in the 2014/15 budget and by 10.8% in 2015/16 and 6.5% in 2016/17. The surpluses of R9.8 million, R24.6 million and R18.5 million in 2014/15, 2015/16 and 2016/17 respectively can be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R57.9 million for 2014/15 is 4.1 per cent more when compared to the 2013/14 Adjustment Budget. The capital programme increases to R62.6 million in the 2015/16 financial year and in 2016/17 to R63.9 million. A substantial portion of the capital budget will be funded from conditional grants over the MTREF. Borrowings will contribute 13.8% in 2014/15. The balance will be funded from internally generated funds.

1.4 Operating Revenue and Expenditure Framework

For the Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be

made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- ✚ National Treasury's guidelines and macroeconomic policy;
- ✚ Growth in the Municipality and continued economic development;
- ✚ Efficient revenue management, which aims to ensure an annual collection rate of not less than 75% for property rates and other key service charges;
- ✚ Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- ✚ The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- ✚ Increase ability to extend new services and recover costs;
- ✚ The municipality's Indigent Policy and rendering of free basic services; and
- ✚ Tariff policies of the Municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 medium term revenue & expenditure framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	2 755	5 758	7 646	8 411	22 082	22 082	22 082	23 407	24 812	26 300
Property rates - penalties & collection charges		753	1 215	1 219	1 363	4 693	4 693	4 693	4 975	5 273	5 590
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 602	1 696	1 790
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			139	149	186	166	166	166	177	187	197
Interest earned - external investments		307	404	535	482	482	482	482	512	542	572
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		30	96	72	67	67	67	67	71	76	80
Licences and permits		740	723	647	2 010	628	628	628	1 010	1 070	1 128
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		52 575	55 641	75 393	85 384	85 534	85 534	85 534	100 870	127 122	127 876
Other revenue	2	1 180	485	559	401	914	914	914	628	665	702
Gains on disposal of PPE		22	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		59 374	65 931	87 787	99 959	116 074	116 074	116 074	133 252	161 443	164 235

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue transfers recognized forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise 17.5 per cent of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totalled R23.4 million. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates is the second largest revenue source totalling 17.5 per cent or R23.4 million rand and increases to R26.3 million by 2016/17. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. The Municipality has been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R100.8 million in the 2014/15 financial year and increases to R127.1 million and R127.8 in 2015/16 and 2016/17 respectively. The increase in 2015/16 and 2016/17 financial years is mainly attributable to equitable share

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		51 659	55 328	75 301	84 700	84 700	84 700	100 009	126 373	126 870
Local Government Equitable Share		49 419	53 088	72 001	81 160	81 160	81 160	96 234	123 456	123 752
Finance Management		1 450	1 450	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		790	790	800	890	890	890	934	967	1 018
Integrated National Electrification Programme		—	—	—	—	—	—	—	—	—
EPWP Incentive		—	—	1 000	1 000	1 000	1 000	1 041	—	—
Other transfers/grants [insert description]										
Provincial Government:		532	233	245	634	784	784	811	699	956
Provincialisation of Libraries		332	233	245	514	514	514	535	567	597
Municipal Assistance Programme		200	—	—	—	—	—	—	—	—
Community Library Services		—	—	—	120	120	120	126	132	359
Infrastructure		—	—	—	—	—	—	—	—	—
sports fields maintenance		—	—	—	—	150	150	150	—	—
District Municipality:		80	100	50	50	50	50	50	50	50
Tourism		80	100	50	50	50	50	50	50	50
Zululand district Municipality										
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total Operating Transfers and Grants	5	52 271	55 661	75 596	85 384	85 534	85 534	100 870	127 122	127 876

Municipal tariffs




Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

1.4.1 Property Rates


Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

-  The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate a 30 per cent rebate will be granted on all residential properties (including state owned residential properties);
-  100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
-  For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;

- The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
- The property must be categorized as residential.

 The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 6% increase from 1 July 2014 is contained below:

Table 4 Comparison of proposed rates to be levied for the 2014/15 financial year

Category	Proposed Tariff (1 July 2014)	Current Tariff (1 July 2013)
	C	C
Residential property (Rebate – 30%)	0.0131	0.0124
Agricultural land	0.0034	0.0032
Public Service Infrastructure	0.0034	0.0032
Business property	0.0261	0.0246
Commercial property	0.0261	0.0246
Industrial property	0.0261	0.0246
Mining land	0.0261	0.0246
Vacant land	0.0522	0.0492
Indigent property	-	-
Specialised NMP	0.0131	0.0124
Municipal property	Nil	Nil

1.4.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles and equipment, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and

that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6% increase in the waste removal tariff is proposed from 1 July 2014. Any increase higher than 6% would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 5 Comparison between current waste removal fees and increases

Category	Proposed Tariff (1 July 2014)	Current Tariff (1 July 2013)
	R	R
Domestic Consumers	95.40	90
Business:		
- Bulk	3 090	2 915
- Small	372	351
Governmental Institutions:		
Hospitals/Clinics	3 090	2 915
- Educational	3 090	2 915
- Other	3 090	2 915
Market Stalls	100.70	95
Hall Rental (Refundable Deposit of R300)	1 887	1 780
Billboards	548	517

Table 6 Summary of operating expenditure by standard classification item

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Expenditure By Type											
Employee related costs	2	22 956	29 888	42 515	39 757	46 354	46 354	46 354	49 591	52 764	56 141
Remuneration of councillors		7 390	8 855	8 329	10 427	10 427	10 427	10 427	11 052	11 605	12 185
Debt impairment	3	5 990	1 508	887	974	1 198	1 198	1 198	1 272	1 347	1 405
Depreciation & asset impairment	2	4 375	10 524	9 952	3 478	9 970	9 970	9 970	10 588	11 212	11 829
Finance charges		276	488	381	1 126	78	78	78	462	1 081	2 058
Bulk purchases	2	—	—	—	—	—	—	—	—	—	—
Other materials	8	—	—	—	—	—	—	—	—	—	—
Contracted services		3 069	3 682	5 101	15 149	11 541	11 541	11 541	15 632	18 932	19 973
Transfers and grants		—	31	67	99	116	116	116	122	129	136
Other expenditure	4, 5	27 314	30 563	28 255	20 266	30 074	30 074	30 074	35 730	40 808	43 068
Loss on disposal of PPE		—	—	382	—	—	—	—	—	—	—
Total Expenditure		71 371	85 539	95 868	91 275	109 757	109 757	109 757	124 449	137 877	146 796

The budgeted allocation for employee related costs for the 2014/15 financial year totals R49.5 million, which equals 39.8% of the total operating expenditure. Based on MFMA circular 70, salary increases have been factored into this budget at a percentage increase of 6.79% for the 2014/15 financial year. Compared to 2014/15 employee related costs have increased by 6.79% partly due to provision for additional employees required to fill vacant critical posts. An annual increase of 6.4% has been included in the two outer years of the MTREF as per the agreement between SALGA and Trade Unions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). It should be noted that this year, the MEC for COGTA only approved 95% of the remuneration packages applicable to grade 3 municipalities and that has been used as basis of budgeting for councilor's allowances in the 2014/15 financial year. A percentage increase of 5% for the 2014/15 financial and the two outer years have been factored into the budget.

The provision of debt impairment was determined based on an annual collection rate of 50 per cent and the Debt Write-off Policy of the Municipality. For the 2014/15 financial year this amount equates to R1.27 million and increases up to R1.40 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with

rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate for asset consumption. Budget appropriations in this regard total R10.5 million for the 2014/15 financial and equates to 8.4% of the total operating expenditure. Note that the municipality implemented GRAP 17 accounting standard in 2008/09 and brought a range of assets previously not included in the assets register onto the register. This resulted in a significant increase in depreciation relative to previous years and going forward.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.4% (R462 thousand) of operating expenditure. This is due to long-term finance the municipality intends to source for the funding in respect of the construction of phase two of the testing centre and vehicle purchases.

Contracted services comprise budgeted expenditure for security services and waste management services. In the 2014/15 financial year, this group of expenditure totals R15.6 million or 12.5%. For the two outer years growth has been limited to 21.1% and 5.5%

Transfers and grants of R122 thousand relates to the provision for 50kwv free basic electricity (FBE). The above provision is anticipated to increase after additional beneficiaries has been identified.

Other expenditure comprises various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The budget has been limited to R35.7 million for 2014/15 and R40.8 million and R43.0 million for the two outer years.

1.4.3 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 7 Operational repairs and maintenance

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure	10	805	1 901	1 019	2 744	1 995	1 995	4 085	4 326	4 564
Infrastructure - Road transport		805	1 901	1 019	2 744	1 995	1 995	4 085	4 326	4 564
Roads, Pavements & Bridges		805	1 901	1 019	2 744	1 995	1 995	4 085	4 326	4 564
Storm water		-	-	-	-	-	-	-	-	-
Other assets		1 175	941	1 529	5 659	2 992	2 992	4 587	5 221	5 508
General vehicles		593	447	510	1 450	997	997	1 009	1 423	1 502
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		5	40	255	223	499	499	101	116	123
Computers - hardware/equipment		62	39	-	30	-	-	-	-	-
Furniture and other office equipment		-	200	-	-	-	-	-	-	-
Other Buildings	515	216	765	3 956	1 496	1 496	3 476	3 682	3 884	
Other	-	-	-	-	-	-	-	-	-	
Total Repairs and Maintenance Expenditure	1	1 980	2 842	2 548	8 404	4 987	4 987	8 672	9 547	10 072
Specialised vehicles										
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
R&M as a % of PPE										
R&M as % Operating Expenditure		2.3%	2.0%	1.2%	2.6%	1.8%	1.8%	2.7%	2.6%	2.4%
		2.8%	3.3%	2.7%	9.2%	4.5%	4.5%	7.0%	7.0%	6.9%

The infrastructure relating to electricity, water and sanitation is now the responsibility of the District Municipality. The total allocation for 2014/15 equates to R8.6 million and R9.5 million and R10.1 million for 2015/16 and 2016/17 respectively. In relation to the total operating expenditure, repairs and maintenance comprises of 7.0% for 2014/15 and 7.0% and 6.9% for the two outer years of the MTREF.

Road Infrastructure has been allocated R4.08 million of total repairs and maintenance equating to 47.1% for the 2014/15 financial year. 40.0% or R3.4 million of total repairs and maintenance for 2014/15 financial year will be spent on civil buildings.

1.4.4 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 80 000 or more indigent households during the 2014/15 financial year, a process is reviewed annually. Details

relating to free services, cost of free basis services as well as basic service delivery measurement is contained in Table21 SA10 (Basic Service Delivery Measurement) on page 30.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 8 2014/15 Medium-term capital budget per vote

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
<i>Multi-year expenditure to be appropriated</i>	2										
Vote 3 - Corporate Services		-	-	-	20 000	-	-	-	-	20 000	20 000
Vote 4 - Sport, Recreation and Community Services		-	-	-	500	830	830	830	1 000	1 000	1 000
Vote 5 - Economic and Environmental Services		32 049	59 983	55 418	61 443	70 500	70 500	70 500	45 679	41 160	42 422
Vote 6 - Transport and Roads		-	-	-	6 000	-	-	-	6 000	-	-
Capital multi-year expenditure sub-total	7	32 049	59 983	55 418	87 943	71 330	71 330	71 330	52 679	62 160	63 422
<i>Single-year expenditure to be appropriated</i>	2										
Vote 1 - Governance and Administration		9	730	647	685	790	790	790	1 075	-	-
Vote 2 - Financial Services		978	11	123	130	115	115	115	176	-	-
Vote 3 - Corporate Services		1 092	575	3 325	1 375	19	19	19	797	-	-
Vote 4 - Sport, Recreation and Community Services		17	18	2 722	2 883	113	113	113	136	-	-
Vote 5 - Economic and Environmental Services		444	65	1 517	1 607	114	114	114	660	-	-
Vote 6 - Transport and Roads		-	-	491	520	220	220	220	275	-	-
Vote 7 - Safety and Security		-	26	-	-	-	-	-	190	-	-
Vote 8 - Solid Waste Management		223	1 373	502	532	105	105	105	1 950	500	500
Capital single-year expenditure sub-total		2 763	2 797	9 326	7 732	1 476	1 476	1 476	5 259	500	500
Total Capital Expenditure - Vote		34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922
Total Capital Expenditure - Standard	3	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922
Funded by:											
National Government		32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	30 672	-	-	-	7 950	20 500	20 500
Internally generated funds		2 763	2 797	9 326	3 560	19 463	19 463	19 463	4 309	1 000	1 000
Total Capital Funding	7	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922

For 2014/15 an amount of R45.6 million has been appropriated for the development of infrastructure and community assets which represents 78.8% of the total capital budget. In the outer years this amount totals R41.1 million and R42.4 million respectively for each of the financial years.

Total new assets represent 100% or R57.9 million of the total capital budget while no capital budget allocation has been made for asset renewal. Further detail relating to asset classes and proposed capital expenditure is contained in Table 20 A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the projects to be undertaken over the medium-term includes, amongst others:

- ✚ Bus and Taxi rank upgrade. Funding available amounts to R9.8 million
- ✚ Electrification projects to the value of R6 million
- ✚ Construction of recreational facilities (sports fields) – R0.160 million;
- ✚ Construction of rural roads – R15.1 million;
- ✚ Construction of community halls – R13.9 million
- ✚ Fencing of cemeteries R1.1 million
- ✚ Construction of phase 2 of the vehicle testing center – R6million
- ✚ Purchase of vehicles for waste management related services namely, TLB, compactor truck and bakkie.
- ✚ The municipality will be implementing the expanded public works programme for an amount of R1 million as per the National Treasury allocation.

National Treasury stopped the continuation of the two projects namely, Museum and By-pass road and they will be continued when the municipality has been advised to do so and funding available.

1.6 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 9 MBRR Table A1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	3 508	6 973	8 864	9 773	26 775	26 775	26 775	28 382	30 085	31 890
Service charges	1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 602	1 696	1 790
Investment revenue	307	404	535	482	482	482	482	512	542	572
Transfers recognised - operational	52 575	55 641	75 393	85 384	85 534	85 534	85 534	100 870	127 122	127 876
Other own revenue	1 972	1 443	1 426	2 665	1 775	1 775	1 775	1 886	1 998	2 107
Total Revenue (excluding capital transfers and contributions)	59 374	65 931	87 787	99 959	116 074	116 074	116 074	133 252	161 443	164 235
Employee costs	22 956	29 888	42 515	39 757	46 354	46 354	46 354	49 591	52 764	56 141
Remuneration of councillors	7 390	8 855	8 329	10 427	10 427	10 427	10 427	11 052	11 605	12 185
Depreciation & asset impairment	4 375	10 524	9 952	3 478	9 970	9 970	9 970	10 588	11 212	11 829
Finance charges	276	488	381	1 126	78	78	78	462	1 081	2 058
Materials and bulk purchases	—	—	—	—	—	—	—	—	—	—
Transfers and grants	—	31	67	99	116	116	116	122	129	136
Other expenditure	36 373	35 753	34 625	36 389	42 812	42 812	42 812	52 634	61 086	64 446
Total Expenditure	71 371	85 539	95 868	91 275	109 757	109 757	109 757	124 449	137 877	146 796
Surplus/(Deficit)	(11 997)	(19 608)	(8 081)	8 684	6 318	6 318	6 318	8 803	23 566	17 439
Transfers recognised - capital	36 240	63 384	71 787	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	24 243	43 776	63 706	70 127	59 661	59 661	59 661	54 482	64 726	59 861
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	24 243	43 776	63 706	70 127	59 661	59 661	59 661	54 482	64 726	59 861
Capital expenditure & funds sources										
Capital expenditure	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922
Transfers recognised - capital	32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Public contributions & donations	—	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	30 672	—	—	—	7 950	20 500	20 500
Internally generated funds	2 763	2 797	9 326	3 560	19 463	19 463	19 463	4 309	1 000	1 000
Total sources of capital funds	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922
Financial position										
Total current assets	9 320	11 160	13 174	12 527	27 523	27 523	27 523	40 212	57 260	63 336
Total non current assets	86 058	143 272	207 547	324 224	270 383	270 383	270 383	317 734	369 181	421 274
Total current liabilities	21 742	31 459	24 530	17 609	25 143	25 143	25 143	25 324	26 398	27 843
Total non current liabilities	4 253	6 227	5 143	39 441	3 819	3 819	3 819	11 411	30 649	47 162
Community wealth/Equity	69 383	116 747	191 048	279 701	268 945	268 945	268 945	321 211	369 394	409 606
Cash flows										
Net cash from (used) operating	26 004	55 872	71 774	60 426	65 555	65 555	65 555	57 089	70 942	63 523
Net cash from (used) investing	(34 195)	(62 921)	(64 744)	(97 369)	(55 650)	(55 650)	(55 650)	(57 938)	(62 660)	(63 922)
Net cash from (used) financing	(445)	1 004	(997)	47 833	(260)	(260)	(260)	(1 102)	(1 261)	(3 988)
Cash/cash equivalents at the year end	797	(5 249)	785	6 795	10 430	10 430	10 430	8 479	15 499	11 112
Cash backing/surplus reconciliation										
Cash and investments available	797	(5 248)	785	5 966	10 430	10 430	10 430	8 479	15 499	11 112
Application of cash and investments	16 363	21 407	17 906	8 487	10 069	10 069	10 069	5 720	(3 698)	(15 921)
Balance - surplus (shortfall)	(15 566)	(26 656)	(17 120)	(2 521)	361	361	361	2 758	19 197	27 034
Asset management										
Asset register summary (WDV)	86 058	143 272	207 547	324 224	270 383	270 383	317 734	317 734	369 181	421 274
Depreciation & asset impairment	4 375	10 524	9 952	3 478	9 970	9 970	10 588	10 588	11 212	11 829
Renewal of Existing Assets	—	—	—	—	—	—	—	—	—	—
Repairs and Maintenance	1 980	2 842	2 548	8 404	4 987	4 987	8 672	8 672	9 547	10 072
Free services										
Cost of Free Basic Services provided	67	31	31	99	116	116	122	122	129	136
Revenue cost of free services provided	3	612	612	1 101	1 101	1 101	1 101	1 101	1 101	1 101
Households below minimum service level										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewage:	20	20	20	21	21	21	21	21	21	21
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	39	39	39	41	41	41	41	41	41	41

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation (Table A9) shows that in previous financial years many of the municipal obligations were not cash-backed. This placed the municipality in a very vulnerable financial position, as the revenue collections were at a low level. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.

Table 10 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		57 190	63 082	83 786	94 274	111 054	111 054	127 964	157 109	159 447
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		56 918	63 082	83 604	94 094	111 013	111 013	127 921	157 063	159 398
Corporate services		272	-	182	180	41	41	44	46	49
<i>Community and public safety</i>		1 081	352	696	790	1 305	1 305	1 364	1 285	1 574
Community and social services		312	168	442	738	869	869	902	795	1 057
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		770	184	254	53	436	436	463	490	517
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		36 251	63 999	73 523	64 633	55 500	55 500	47 950	42 463	43 796
Planning and development		36 251	5	22	62 623	54 872	54 872	46 940	41 393	42 668
Road transport		-	63 993	73 501	2 010	628	628	1 010	1 070	1 128
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 012	1 470	1 568	1 655	1 508	1 508	1 602	1 696	1 790
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1 012	1 470	1 568	1 655	1 508	1 508	1 602	1 696	1 790
<i>Other</i>	4	80	-	-	50	50	50	50	50	50
Total Revenue - Standard	2	95 614	128 902	159 573	161 402	169 417	169 417	178 931	202 603	206 657
Expenditure - Standard										
<i>Governance and administration</i>		51 610	48 203	54 895	53 292	62 737	62 737	69 986	80 050	85 503
Executive and council		10 204	13 824	15 581	14 496	17 487	17 487	25 426	26 857	28 334
Budget and treasury office		26 811	19 978	22 103	18 270	28 858	28 858	27 568	29 820	32 443
Corporate services		14 595	14 401	17 211	20 526	16 392	16 392	16 991	23 374	24 726
<i>Community and public safety</i>		4 086	9 856	11 410	11 848	16 528	16 528	18 836	20 005	21 218
Community and social services		1 090	6 292	7 268	6 373	10 874	10 874	12 253	13 008	13 783
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 996	3 564	4 142	5 475	5 654	5 654	6 582	6 998	7 435
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		5 335	17 466	18 669	14 939	19 406	19 406	23 028	24 435	25 873
Planning and development		4 530	5 533	4 507	9 484	13 416	13 416	15 181	16 107	17 050
Road transport		805	11 933	14 162	5 455	5 990	5 990	7 847	8 328	8 822
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		9 921	8 722	9 980	10 116	10 560	10 560	11 448	12 165	12 910
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		9 921	8 722	9 980	10 116	10 560	10 560	11 448	12 165	12 910
<i>Other</i>	4	418	879	913	1 080	526	526	1 152	1 222	1 292
Total Expenditure - Standard	3	71 370	85 126	95 868	91 275	109 757	109 757	124 449	137 877	146 796
Surplus/(Deficit) for the year		24 244	43 776	63 705	70 127	59 661	59 661	54 482	64 726	59 861

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4 on page 26.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury Office.

Table 11 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - Governance and Administration		–	–	–	–	–	–	–	–	–
Vote 2 - Financial Services		56 918	63 082	83 604	94 094	111 013	111 013	127 930	157 080	159 418
Vote 3 - Corporate Services		272	–	182	180	41	41	44	46	49
Vote 4 - Sport, Recreation and Community Services		312	168	442	738	869	869	902	795	1 057
Vote 5 - Economic and Environmental Services		36 251	63 998	72 880	62 623	54 872	54 872	46 940	41 393	42 668
Vote 6 - Transport and Roads		–	–	643	2 010	628	628	1 010	1 070	1 128
Vote 7 - Safety and Security		770	184	254	53	436	436	463	490	517
Vote 8 - Solid Waste Management		1 012	1 470	1 568	1 655	1 508	1 508	1 593	1 679	1 770
Vote 9 - Tourism and Sports		80	–	–	50	50	50	50	50	50
Total Revenue by Vote	2	95 614	128 902	159 573	161 402	169 417	169 417	178 931	202 603	206 657
Expenditure by Vote to be appropriated	1									
Vote 1 - Governance and Administration		10 204	13 824	15 581	14 496	17 487	17 487	25 426	26 857	28 334
Vote 2 - Financial Services		26 811	19 978	22 103	18 270	28 958	28 958	27 568	29 820	32 443
Vote 3 - Corporate Services		14 595	14 401	17 211	20 526	16 392	16 392	16 991	23 374	24 726
Vote 4 - Sport, Recreation and Community Services		1 085	6 292	7 268	6 373	10 774	10 774	12 253	13 008	13 783
Vote 5 - Economic and Environmental Services		4 530	5 533	14 448	9 484	13 416	13 416	15 181	16 107	17 050
Vote 6 - Transport and Roads		805	11 933	4 221	5 455	5 990	5 990	7 847	8 328	8 822
Vote 7 - Safety and Security		2 996	3 564	4 142	5 475	5 654	5 654	6 582	6 998	7 435
Vote 8 - Solid Waste Management		9 921	8 722	9 980	10 116	10 560	10 560	11 448	12 165	12 910
Vote 9 - Tourism and Sports		418	879	913	1 080	526	526	1 152	1 222	1 292
Total Expenditure by Vote	2	71 365	85 126	95 868	91 275	109 757	109 757	124 449	137 877	146 796
Surplus/(Deficit) for the year	2	24 248	43 776	63 705	70 127	59 661	59 661	54 482	64 726	59 861

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the waste management services.

Table 12 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	2 755	5 758	7 646	8 411	22 082	22 082	22 082	23 407	24 812	26 300
Property rates - penalties & collection charges		753	1 215	1 219	1 363	4 693	4 693	4 693	4 975	5 273	5 590
Service charges - refuse revenue	2	1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 602	1 696	1 790
Rental of facilities and equipment			139	149	186	166	166	166	177	187	197
Interest earned - external investments		307	404	535	482	482	482	482	512	542	572
Fines		30	96	72	67	67	67	67	71	76	80
Licences and permits		740	723	647	2 010	628	628	628	1 010	1 070	1 128
Transfers recognised - operational		52 575	55 641	75 393	85 384	85 534	85 534	85 534	100 870	127 122	127 876
Other revenue	2	1 180	485	559	401	914	914	914	628	665	702
Gains on disposal of PPE		22	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		59 374	65 931	87 787	99 959	116 074	116 074	116 074	133 252	161 443	164 235
Expenditure By Type											
Employee related costs	2	22 956	29 888	42 515	39 757	46 354	46 354	46 354	49 591	52 764	56 141
Remuneration of councillors		7 390	8 855	8 329	10 427	10 427	10 427	10 427	11 052	11 605	12 185
Debt impairment	3	5 990	1 508	887	974	1 198	1 198	1 198	1 272	1 347	1 405
Depreciation & asset impairment	2	4 375	10 524	9 952	3 478	9 970	9 970	9 970	10 588	11 212	11 829
Finance charges		276	488	381	1 126	78	78	78	462	1 081	2 058
Contracted services		3 069	3 682	5 101	15 149	11 541	11 541	11 541	15 632	18 932	19 973
Transfers and grants		-	31	67	99	116	116	116	122	129	136
Other expenditure	4, 5	27 314	30 563	28 255	20 266	30 074	30 074	30 074	35 730	40 808	43 068
Loss on disposal of PPE		-	-	382	-	-	-	-	-	-	-
Total Expenditure		71 371	85 539	95 868	91 275	109 757	109 757	109 757	124 449	137 877	146 796
Surplus/(Deficit)											
Transfers recognised - capital		36 240	63 384	71 787	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		24 243	43 776	63 706	70 127	59 661	59 661	59 661	54 482	64 726	59 861
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		24 243	43 776	63 706	70 127	59 661	59 661	59 661	54 482	64 726	59 861
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		24 243	43 776	63 706	70 127	59 661	59 661	59 661	54 482	64 726	59 861
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		24 243	43 776	63 706	70 127	59 661	59 661	59 661	54 482	64 726	59 861

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R133.2 million in 2014/15 and increases to R164.2 million by 2016/17. The significant increase throughout the MTREF mainly is due to an increasing allocation for the equitable share.
2. Revenue to be generated from property rates is R23.4 million in the 2014/15 financial year which represents 17.5% of the operating revenue base of the Municipality and R26.3 million by 2016/17. Beside the annual inflation adjustment, the transfer of residential properties to the new owners is expected to generate additional property rates revenue. The assessment of rates to the new public works properties – schools previously not assessed – has been catered for and brings more revenue to the municipality.
3. Services charges relating to refuse removal constitutes 1.2% or R1.6 million of the operating revenue budget for the 2014/15 financial year and increasing to R1.7 million by 2016/17.
4. The drivers testing centre is expected to be functional in 2014/15 financial year. Licence and permits are, therefore, expected to generate R1.010 million in 2014/15 and increasing to R1.1 million in 2016/17.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 17.9%, 26.1% and 0.6% for 2014/15 and two outer years respectively.
6. Employee related cost is the main cost-driver within the municipality. Salaries and wages have increased significantly over the 2014/15 to 2016/17 period escalating from R49.5 million to R56.1 million.
7. General expenses have increased from R34.7 million in 2014/15 to R41.9 in 2016/17.

Table 13 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote											
<i>Multi-year expenditure to be appropriated</i>	2										
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	20 000	-	-	-	-	20 000	20 000
Vote 4 - Sport, Recreation and Community Services		-	-	-	500	830	830	830	1 000	1 000	1 000
Vote 5 - Economic and Environmental Services		32 049	59 983	55 418	61 443	70 500	70 500	70 500	45 679	41 160	42 422
Vote 6 - Transport and Roads		-	-	-	6 000	-	-	-	6 000	-	-
Vote 7 - Safety and Security		-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Tourism and Sports		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	32 049	59 983	55 418	87 943	71 330	71 330	71 330	52 679	62 160	63 422
<i>Single-year expenditure to be appropriated</i>	2										
Vote 1 - Governance and Administration		9	730	647	685	790	790	790	1 075	-	-
Vote 2 - Financial Services		978	11	123	130	115	115	115	176	-	-
Vote 3 - Corporate Services		1 092	575	3 325	1 375	19	19	19	797	-	-
Vote 4 - Sport, Recreation and Community Services		17	18	2 722	2 883	113	113	113	136	-	-
Vote 5 - Economic and Environmental Services		444	65	1 517	1 607	114	114	114	660	-	-
Vote 6 - Transport and Roads		-	-	491	520	220	220	220	275	-	-
Vote 7 - Safety and Security		-	26	-	-	-	-	-	190	-	-
Vote 8 - Solid Waste Management		223	1 373	502	532	105	105	105	1 950	500	500
Vote 9 - Tourism and Sports		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		2 763	2 797	9 326	7 732	1 476	1 476	1 476	5 259	500	500
Total Capital Expenditure - Vote		34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922
Capital Expenditure - Standard											
<i>Governance and administration</i>		2 079	36 486	4 094	22 190	924	924	924	2 048	20 000	20 000
Executive and council		9	29	647	685	790	790	790	1 075	-	-
Budget and treasury office		978	33 967	123	130	115	115	115	176	-	-
Corporate services		1 092	2 490	3 325	21 375	19	19	19	797	20 000	20 000
<i>Community and public safety</i>		17	42	3 194	3 383	943	943	943	1 326	1 000	1 000
Community and social services		17	32	3 194	3 383	943	943	943	1 286	1 000	1 000
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	10	-	-	-	-	-	40	-	-
<i>Economic and environmental services</i>		32 493	26 083	56 954	69 570	70 834	70 834	70 834	52 614	41 160	42 422
Planning and development		32 493	26 083	55 418	63 050	70 614	70 614	70 614	46 339	41 160	42 422
Road transport		-	-	1 536	6 520	220	220	220	6 275	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		223	169	502	532	105	105	105	1 950	500	500
Waste management		223	169	502	532	105	105	105	1 950	500	500
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922
Funded by:											
National Government		32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	30 672	-	-	-	7 950	20 500	20 500
Internally generated funds		2 763	2 797	9 326	3 560	19 463	19 463	19 463	4 309	1 000	1 000
Total Capital Funding	7	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2014/15 R52.6 million has been allocated of the total R57.9 million capital budget, which totals 90.8%. This allocation increases to R62.1 million in 2015/16 and then further increases to R63.4 million in 2016/17 owing primarily to the fact that new projects will be commenced during the next two financial years.
3. Single-year capital expenditure has been appropriated at R5.2 million for the 2014/15 financial year and decreases to R0.5 million in 2016/17.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment.
5. The capital programme is funded from national capital grants, borrowings and internally generated funds from current year surpluses. For 2014/15, capital transfers totals R45.6 million and decrease to R41.1 million by 2015/16 and decrease to R42.4 in 2016/17. Borrowing has been provided at R7.9 million in 2014/15 mainly for the acquisition of motor vehicles and testing centre second phase completion. Internally generated funding amount to R4.3 million, R1 million and R1 million for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 14 MBRR Table A6 -Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Current assets											
Cash		213	–	134	3 818	9 297	9 297	9 297	6 834	13 312	8 354
Call investment deposits	1	584	888	651	2 148	1 133	1 133	1 133	1 645	2 187	2 758
Consumer debtors	1	6 601	8 734	10 359	4 640	15 063	15 063	15 063	28 139	38 101	45 932
Other debtors		1 921	1 538	2 030	1 921	2 030	2 030	2 030	3 595	3 660	6 292
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	–	–	–	–	–	–	–	–
Total current assets		9 320	11 160	13 174	12 527	27 523	27 523	27 523	40 212	57 260	63 336
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	–	–	–	–	–	–	–	–
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	85 522	142 666	207 149	323 982	270 161	270 161	270 161	317 698	369 342	421 643
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		536	605	398	242	222	222	222	36	(161)	(369)
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		86 058	143 272	207 547	324 224	270 383	270 383	270 383	317 734	369 181	421 274
TOTAL ASSETS		95 378	154 432	220 721	336 751	297 906	297 906	297 906	357 946	426 441	484 611
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	6 136	–	–	–	–	–	–	–	–
Borrowing	4	303	252	272	2 272	282	282	282	1 102	1 261	3 988
Consumer deposits		–	–	–	–	–	–	–	–	–	–
Trade and other payables	4	20 150	25 070	24 258	14 048	23 806	23 806	23 806	23 167	24 081	22 801
Provisions		1 289	–	–	1 289	1 055	1 055	1 055	1 055	1 055	1 055
Total current liabilities		21 742	31 459	24 530	17 609	25 143	25 143	25 143	25 324	26 398	27 843
Non current liabilities											
Borrowing		–	1 330	674	35 188	404	404	404	7 997	27 235	43 748
Provisions		4 253	4 896	4 469	4 253	3 414	3 414	3 414	3 414	3 414	3 414
Total non current liabilities		4 253	6 227	5 143	39 441	3 819	3 819	3 819	11 411	30 649	47 162
TOTAL LIABILITIES		25 995	37 685	29 673	57 049	28 961	28 961	28 961	36 735	57 047	75 005
NET ASSETS	5	69 383	116 747	191 048	279 701	268 945	268 945	268 945	321 211	369 394	409 606
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		69 383	116 747	191 048	279 701	268 945	268 945	268 945	321 211	369 394	409 606
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	69 383	116 747	191 048	279 701	268 945	268 945	268 945	321 211	369 394	409 606

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page53) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table15 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		2 875	3 525	6 080	11 946	24 157	24 157	24 157	17 522	22 470	26 535
Government - operating	1	52 575	55 641	75 393	95 847	85 534	85 534	85 534	100 870	127 122	127 876
Government - capital	1	36 240	63 384	71 787	45 868	53 343	53 343	53 343	45 679	41 160	42 422
Interest		307	1 619	535	456	482	482	482	512	542	572
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(65 718)	(67 809)	(81 640)	(91 471)	(97 883)	(97 883)	(97 883)	(107 032)	(119 271)	(131 823)
Finance charges		(276)	(488)	(381)	(2 220)	(78)	(78)	(78)	(462)	(1 081)	(2 058)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		26 004	55 872	71 774	60 426	65 555	65 555	65 555	57 089	70 942	63 523
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		68	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		19	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(34 282)	(62 921)	(64 744)	(97 369)	(55 650)	(55 650)	(55 650)	(57 938)	(62 660)	(63 922)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(34 195)	(62 921)	(64 744)	(97 369)	(55 650)	(55 650)	(55 650)	(57 938)	(62 660)	(63 922)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	1 166	(777)	52 198	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(445)	(162)	(220)	(4 364)	(260)	(260)	(260)	(1 102)	(1 261)	(3 988)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(445)	1 004	(997)	47 833	(260)	(260)	(260)	(1 102)	(1 261)	(3 988)
NET INCREASE/ (DECREASE) IN CASH HELD		(8 636)	(6 046)	6 034	10 891	9 644	9 644	9 644	(1 951)	7 021	(4 387)
Cash/cash equivalents at the year begin:	2	9 433	797	(5 249)	(4 096)	785	785	785	10 430	8 479	15 499
Cash/cash equivalents at the year end:	2	797	(5 249)	785	6 795	10 430	10 430	10 430	8 479	15 499	11 112

The above table shows that cash and cash equivalents of the Municipality reflect a steady positive growth from 2014/15 to 2016/17. For the 2014/15 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to amount R8.4 million by 2014/15 and rapidly increasing to R11.1 by 2016/17.

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

The Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 58 and 59 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 16 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	797	(5 249)	785	6 795	10 430	10 430	10 430	8 479	15 499	11 112
Other current investments > 90 days		0	0	0	(829)	0	0	0	-	-	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		797	(5 248)	785	5 966	10 430	10 430	10 430	8 479	15 499	11 112
Application of cash and investments											
Unspent conditional transfers		3 244	20	1 080	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	13 120	21 387	16 826	8 487	10 069	10 069	10 069	5 720	(3 698)	(15 921)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		16 363	21 407	17 906	8 487	10 069	10 069	10 069	5 720	(3 698)	(15 921)
Surplus(shortfall)		(15 566)	(26 656)	(17 120)	(2 521)	361	361	361	2 758	19 197	27 034

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 58 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Compliance with section 18 of the MFMA is assumed because a surplus would indicate that the annual budget is appropriately funded.
5. The budget for the MTREF 2014/15 to 2016/17 with a positive surplus of R2.7 R19.1 and R27.0 million is appropriately funded.

Table 17 MBRR Table A9 - Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	34 811	62 780	64 744	95 675	72 806	72 806	57 938	62 660	63 922
Infrastructure - Road transport		19 077	30 109	42 918	62 093	71 150	71 150	45 679	31 160	32 422
Infrastructure - Electricity		—	—	12 500	20 000	—	—	6 000	10 000	10 000
Infrastructure - Other		5 437	16 461	—	500	830	830	—	—	—
Infrastructure		24 514	46 569	55 418	82 593	71 980	71 980	51 679	41 160	42 422
Community		7 535	13 582	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	1 918	2 628	9 326	13 082	826	826	6 259	21 500	21 500
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		845	—	—	—	—	—	—	—	—
Total Capital Expenditure	4	19 077	30 109	42 918	62 093	71 150	71 150	45 679	31 160	32 422
Infrastructure - Road transport		—	—	12 500	20 000	—	—	6 000	10 000	10 000
Infrastructure - Electricity		—	—	—	—	—	—	—	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		5 437	16 461	—	500	830	830	—	—	—
Infrastructure		24 514	46 569	55 418	82 593	71 980	71 980	51 679	41 160	42 422
Community		7 535	13 582	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	1 918	2 628	9 326	13 082	826	826	6 259	21 500	21 500
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		845	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	2	34 811	62 780	64 744	95 675	72 806	72 806	57 938	62 660	63 922
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		27 514	24 787	43 167	175 080	77 832	77 832	103 960	134 105	164 906
Infrastructure - Other		—	—	—	—	830	830	830	830	830
Infrastructure		27 514	24 787	43 167	175 080	78 662	78 662	104 790	134 935	165 736
Community		—	13 582	12 500	22 375	38 500	38 500	48 367	48 367	48 367
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets		58 009	104 298	151 482	126 527	152 999	152 999	164 541	186 041	207 541
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		536	605	398	242	222	222	36	(161)	(369)
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	86 058	143 272	207 547	324 224	270 383	270 383	317 734	369 181	421 274
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		4 375	10 524	9 952	3 478	9 970	9 970	10 588	11 212	11 829
Repairs and Maintenance by Asset Class	3	1 980	2 842	2 548	8 404	4 987	4 987	8 672	9 547	10 072
Infrastructure - Road transport		805	1 901	1 019	2 744	1 995	1 995	4 085	4 326	4 564
Infrastructure - Electricity		—	—	—	—	—	—	—	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		805	1 901	1 019	2 744	1 995	1 995	4 085	4 326	4 564
Community		—	—	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6, 7	1 175	941	1 529	5 659	2 992	2 992	4 587	5 221	5 508
TOTAL EXPENDITURE OTHER ITEMS		6 355	13 366	12 500	11 882	14 956	14 956	19 259	20 759	21 901
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		2.3%	2.0%	1.2%	2.6%	1.8%	1.8%	2.7%	2.6%	2.4%
Renewal and R&M as a % of PPE		2.0%	2.0%	1.0%	3.0%	2.0%	2.0%	3.0%	3.0%	2.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality does not have major assets that need to be renewed. The MIG and NDPG capital projects that are being undertaken at this stage are fairly new and will probably not be renewed during the current MTREF. It is for the same reason that the budget for repairs and maintenance is not 8% of the net asset value of the municipality's property, plant and equipment.

Table 18 MBRR Table A10 - Basic Service Delivery Measurement

KZN265 Nongoma - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
<u>Water:</u>										
Piped water inside dwelling		1 012	1 012	1 012	1 100	1 100	1 100	1 100	1 100	1 100
Piped water inside yard (but not in dwelling)		2 257	2 257	2 257	2 456	2 456	2 456	2 456	2 456	2 456
Using public tap (at least min.service level)	2	4 864	4 864	4 864	5 280	5 280	5 280	5 280	5 280	5 280
Other water supply (at least min.service level)	4	30 777	30 777	30 777	33 315	33 315	33 315	33 315	33 315	33 315
<i>Minimum Service Level and Above sub-total</i>		38 910	38 910	38 910	42 151	42 151	42 151	42 151	42 151	42 151
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	38 910	38 910	38 910	42 151	42 151	42 151	42 151	42 151	42 151
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)		467	467	467	542	542	542	542	542	542
Flush toilet (with septic tank)		195	195	195	227	227	227	227	227	227
Chemical toilet		9 922	9 922	9 922	11 056	11 056	11 056	11 056	11 056	11 056
Pit toilet (ventilated)		8 599	8 599	8 599	9 582	9 582	9 582	9 582	9 582	9 582
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		19 183	19 183	19 183	21 407	21 407	21 407	21 407	21 407	21 407
Bucket toilet		133	133	133	135	135	135	135	135	135
No toilet provisions		19 728	19 728	19 728	21 353	21 353	21 353	21 353	21 353	21 353
<i>Below Minimum Service Level sub-total</i>		19 861	19 861	19 861	21 488	21 488	21 488	21 488	21 488	21 488
Total number of households	5	39 044	39 044	39 044	42 895	42 895	42 895	42 895	42 895	42 895
<u>Energy:</u>										
Electricity (at least min.service level)		8 452	8 452	8 452	9 148	9 148	9 148	9 148	9 148	9 148
Electricity - prepaid (min.service level)		8 591	8 591	8 591	9 298	9 298	9 298	9 298	9 298	9 298
<i>Minimum Service Level and Above sub-total</i>		17 043	17 043	17 043	18 446	18 446	18 446	18 446	18 446	18 446
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	17 043	17 043	17 043	18 446	18 446	18 446	18 446	18 446	18 446
<u>Refuse:</u>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		310	310	310	340	340	340	340	340	340
Using own refuse dump		34 825	34 825	34 825	36 956	36 956	36 956	36 956	36 956	36 956
Other rubbish disposal		3 113	3 113	3 113	3 303	3 303	3 303	3 303	3 303	3 303
No rubbish disposal		351	351	351	372	372	372	372	372	372
<i>Below Minimum Service Level sub-total</i>		38 599	38 599	38 599	40 971	40 971	40 971	40 971	40 971	40 971
Total number of households	5	38 599	38 599	38 599	40 971	40 971	40 971	40 971	40 971	40 971
Households receiving Free Basic Service	7									
Electricity/other energy (50kwh per household per month)		102	197	197	500	500	500	500	500	500
Electricity/other energy (50kwh per household per month)		67	31	31	99	116	116	122	129	136
Total cost of FBS provided (minimum social package)		67	31	31	99	116	116	122	129	136
Highest level of free service provided	9									
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Electricity (kwh per household per month)		-	50	50	50	50	50	50	50	50
Revenue cost of free services provided (R'000)										
Property rates (R15 000 threshold rebate)		3	612	612	162	162	162	162	162	162
Property rates (other exemptions, reductions and rebates)		-	-	-	939	939	939	939	939	939
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)		3	612	612	1 101	1 101	1 101	1 101	1 101	1 101

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality has a huge backlog of basic services delivery. The services such as water, and sanitation are the responsibility of the Zululand District Municipality whilst ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma.

- **Electricity**

ESKOM has been appointed as the prime supplier of electricity reticulation in Nongoma and the existing bulk supply is being upgraded to meet the existing and future demands of Nongoma town and the surrounding areas. The municipality area is covered by metered electricity supply whilst those areas in the former Tribal Areas are served with pre-paid electricity supply as well as metered electricity supply in selected areas.

- **Refuse**

There are no formal refuse removal services or refuse dumps in the rural areas of Nongoma. There is a landfill site in Nongoma Town which is almost full. However, it should be noted that in the town this function is being investigated with a view to realizing greater efficiencies.

3. It is anticipated that these Free Basic Services will cost the municipality R122 184 in 2014/15, increasing to R135 736 in 2016/17. The reason for the low figures is that the indigent register is incomplete and the picture might change when the community concerned come forward to register for free basic services. The provision of free basic electricity is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.








The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

2.1.1 Budget Process Overview







In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled an IDP/Budget Process Plan during August 2013 as required by the MFMA. The Key dates applicable to the process were:

-  **23 January 2014** - Council considers the 2013/14 Mid-year Review and Adjustments Budget necessity
-  **28 February 2014**—Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
-  **28 February 2014** - Recommendations of the Mayoral Committee are communicated to the Budget and Treasury Office. The draft 2013/14 MTREF is revised accordingly;
-  **27 March 2014** - Tabling in Council of the draft 2014/15 IDP and 2014/15 MTREF for public consultation;
-  **April 2014** – Public consultation;
-  **30 April 2014** - Closing date for written comments;
-  **1 to 9 May 2014** – finalization of the 2014/15 IDP and 2014/15 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
-  **31 May 2014** - Tabling of the 2014/15 MTREF before Council for consideration and approval.












2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

-  Registration of community needs;
-  Compilation of departmental business plans including key performance indicators and targets;
-  Financial planning and budgeting process;
-  Public participation process;
-  Compilation of the SDBIP, and
-  The review of the performance management and monitoring processes.

2.1.3 Financial Modeling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

-  Municipality growth
-  Policy priorities and strategic objectives
-  Asset maintenance
-  Economic climate and trends
-  Performance trends
-  The approved 2013/14 adjustments budget and performance against the SDBIP
-  Cash Flow Management Strategy
-  Debtor payment levels
-  Loan and investment possibilities
-  The need for tariff increases versus the ability of the community to pay for services;
-  Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 71 and 72 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The 2014/15 budget and MTREF as will be tabled before Council on 24 May 2014 was made available at municipal offices for community consultation. In addition to that, consultation process included invitation of the community to the IDP/Budget Road shows that were held at different places within Nongoma municipal area of jurisdiction. This includes areas like Kwnjoko, Emangqeleni, Mahhashini, Nongoma Inn, NqobuZulu nase Vuna. All these centralized areas were destined to accommodate surrounding wards.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs. Also Ward Committees played a vital role in facilitating the community consultation process.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2014/15 MTREF.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.












Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

-  Green Paper on National Strategic Planning of 2009;
-  Government Programme of Action;
-  Development Facilitation Act of 1995;
-  Provincial Growth and Development Strategy (GGDS);
-  National and Provincial spatial development perspectives;
-  Relevant sector plans such as transportation, legislation and policy;
-  National Key Performance Indicators (NKPis);
-  Accelerated and Shared Growth Initiative (ASGISA);
-  National 2014 Vision;
-  National Spatial Development Perspective (NSDP) and
-  The National Priority Outcomes.

In January 2010 government adopted twelve outcomes underpinning its long term development strategy as a key focus of work to be done between now and 2014. Each of the 12 outcomes has a delivery agreement that in most cases involve all spheres of government and a range of partners outside government. Combined, these agreements reflect Government's delivery and implementation plans for its foremost priorities.

The Medium Term Strategic Framework (MTSF) of Government identifies a number of priorities that are based on the electoral mandate. The outcomes-based approach further identifies the 12 desired outcomes of Government. These are:

1. Improved quality of basic education.
2. A long and healthy life for all South Africans.
3. All people in South Africa are and feel safe.

4. Decent employment through inclusive economic growth.
5. A skilled and capable workforce to support an inclusive growth path.
6. An efficient, competitive and responsive economic infrastructure network.
7. Vibrant, equitable and sustainable rural communities with food security for all.
8. Sustainable human settlements and improved quality of household life.
9. A responsive, accountable, effective and efficient local government system.
10. Environmental assets and natural resources that are well protected and continually enhanced.
11. Creating a better South Africa and contributing to a better and safer Africa in a better world.
12. An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

2014/15 MTREF	
1.	Provision of quality basic services and infrastructure
2.	Economic growth and development that leads to sustainable job creation
3.1	Fight poverty and build clean, healthy, safe and sustainable communities
3.2	Integrated Social Services for empowered and sustainable communities
4.	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5.1	Promote sound governance
5.2	Ensure financial sustainability
5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity (through Eskom)
 - Provide water (through District Municipality)
 - Provide sanitation (through District Municipality)
 - Provide solid waste removal
 - Provide housing (through Department of Human Settlements)
 - Provide roads and storm water
 - Provide municipality planning services; and
 - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Extending waste removal services and ensuring effective municipality cleansing;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring save working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance and communication through:

- Publishing the outcomes of all tender processes and other information on the municipal website.

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

This 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		4 706	5 758	12 872	9 350	25 576	25 576	25 576	27 111	28 737	30 462
less Revenue Foregone		1 950		5 227	939	3 494	3 494	3 494	3 703	3 926	4 161
Net Property Rates		2 755	5 758	7 646	8 411	22 082	22 082	22 082	23 407	24 812	26 300
Service charges - refuse revenue	6										
Total refuse removal revenue		1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 602	1 696	1 790
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 602	1 696	1 790
Other Revenue by source											
Gain on valuation of post retirement medical benefit		272									
Fair value gain on fixed assets		629	172								
Rates Clearance Certificates		279	313	182	1	1	1	1	1	1	1
Tender documents				79	49	77	77	77	82	87	91
Photocopies				1	5	5	5	5	5	5	6
Building plans				11	20	20	20	20	21	22	23
Erf sub-division				6	7	7	7	7	7	7	8
Map fees				1	2	2	2	2	2	2	3
empty containers					1						
sundry income				43	317	802	802	802	510	540	570
school patrol				214							
community and social service				22							
Total 'Other' Revenue	1	1 180	485	559	401	914	914	914	628	665	702
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	15 198	18 411	26 030	24 692	30 344	30 344	30 344	32 493	34 573	36 785
Pension and UIF Contributions		3 519	214	247	5 811	6 860	6 860	6 860	7 585	8 070	8 587
Medical Aid Contributions		437	652	928	869	1 420	1 420	1 420	1 508	1 604	1 707
Overtime		1 252	1 619	3 086	3 040	2 027	2 027	2 027	2 055	2 186	2 326
Performance Bonus		848	1 034	1 387	1 694	1 959	1 959	1 959	2 018	2 147	2 285
Motor Vehicle Allowance		551	2 434	3 502	855	1 757	1 757	1 757	1 970	2 096	2 230
Cellphone Allowance											
Housing Allowances		19			30	47	47	47	50	53	56
Other benefits and allowances		1 134	318	382	2 765	1 940	1 940	1 940	1 912	2 034	2 164
Payments in lieu of leave			1 341	1 590							
Long service awards			3 865								
Post-retirement benefit obligations	4			5 363							
sub-total	5	22 956	29 888	42 515	39 757	46 354	46 354	46 354	49 591	52 764	56 141
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	22 956	29 888	42 515	39 757	46 354	46 354	46 354	49 591	52 764	56 141
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		4 042	10 524	9 776	3 380	9 794	9 794	9 794	10 401	11 015	11 621
Lease amortisation		333		175	98	175	175	175	186	197	208
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	4 375	10 524	9 952	3 478	9 970	9 970	9 970	10 588	11 212	11 829
Transfers and grants											
Cash transfers and grants											
Non-cash transfers and grants			31	67	99	116	116	116	122	129	136
Total transfers and grants	1		31	67	99	116	116	116	122	129	136
Contracted services											
Security Services		1 914	2 250	2 366	2 229	2 229	2 229	2 229	2 367	3 764	3 971
Dump Site Maintenance		1 155	1 432		2 585	2 585	2 585	2 585	2 745	2 907	3 067
Pest control					332	143	143	143	152	242	255
IT services					122	122	122	122	130	137	145
Rentals					1 477	1 475	1 475	1 475	1 567	2 335	2 464
Contractors for maintenance				2 735	8 404	4 987	4 987	4 987	8 672	9 547	10 072
sub-total	1	3 069	3 682	5 101	15 149	11 541	11 541	11 541	15 632	18 932	19 973
Allocations to organs of state:											
Other											
Total contracted services		3 069	3 682	5 101	15 149	11 541	11 541	11 541	15 632	18 932	19 973

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Other Expenditure By Type											
Collection costs			2 046	1 213	517	517	517	517	996	1 055	1 113
Contributions to 'other' provisions		1 147				–	–	–	–	–	–
Consultant fees		7 340	7 759		3 936	3 936	3 936	3 936	4 578	4 848	5 115
Audit fees		1 353	1 006		1 082	1 538	1 538	1 538	1 633	1 729	1 824
General expenses	3	9 452	19 751	27 042	1 009	24 084	24 084	24 084	4 000	4 443	4 703
Internal Audit fees		529			250				500	530	559
Other materials					250				141	149	157
HIV and Aids		1 814			1 000				1 500	1 589	1 676
Protective Clothing		119			408				510	540	569
Neighbourhood Development					207				2 956	3 343	3 526
LED Projects		1 600			1 260				2 400	2 542	2 681
Accommodation costs					839				1 570	2 015	2 126
Catering and refreshments		314			282				546	780	822
Subsistence & Transport		601			1 743				2 138	2 467	2 603
Insurance		476			556				1 631	1 727	1 822
IDP Planning		400			836				1 100	1 165	1 229
Fuel		316			653				1 108	1 762	1 859
Disaster					440				700	741	782
Training		90			1 128				769	1 138	1 201
Printing & Stationery		401			248				808	1 023	1 080
Legal fees		508			493				559	888	937
Youth development					792				750	794	838
Ward committees					574				2 520	2 669	2 815
Disabled persons		190			558				528	559	590
Electricity & water		338			359				275	291	307
Software and Licences		23			464				854	1 037	1 094
Telephone		303			383				662	984	1 038
Total 'Other' Expenditure	1	27 314	30 563	28 255	20 266	30 074	30 074	30 074	35 730	40 808	43 068

Repairs and Maintenance by Expenditure Item	8									
Employee related costs										
Other materials										
Contracted Services		1 980	2 842	2 548	8 404	4 987	4 987	4 987	8 672	9 547
Other Expenditure										
Total Repairs and Maintenance Expenditure	9	1 980	2 842	2 548	8 404	4 987	4 987	4 987	8 672	10 072

Table 21 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Governance and	Vote 2 - Financial Services	Vote 3 - Corporate Services	Vote 4 - Sport, Recreation	Vote 5 - Economic and	Vote 6 - Transport and Roads	Vote 7 - Safety and Security	Vote 8 - Solid Waste Management	Vote 9 - Tourism and Sports	Total
R thousand	1										
Revenue By Source											
Property rates		-	23 407	-	-	-	-	-	-	-	23 407
Property rates - penalties & collection charges		-	4 975	-	-	-	-	-	-	-	4 975
Service charges - refuse revenue		-	-	-	-	-	-	-	1 602	-	1 602
Rental of facilities and equipment		-	-	-	69	108	-	-	-	-	177
Interest earned - external investments		-	512	-	-	-	-	-	-	-	512
Fines		-	-	-	15	-	-	56	-	-	71
Licences and permits		-	-	-	-	-	1 010	-	-	-	1 010
Other revenue		-	63	43	7	111	-	404	-	-	629
Transfers recognised - operational		-	98 968	-	811	1 041	-	-	-	50	100 870
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	127 925	43	902	1 260	1 010	460	1 602	50	133 252
Expenditure By Type											
Employee related costs		2 549	7 021	6 403	6 499	6 498	4 280	5 204	10 777	361	49 591
Remuneration of councillors		11 052	-	-	-	-	-	-	-	-	11 052
Debt impairment		-	1 272	-	-	-	-	-	-	-	1 272
Depreciation & asset impairment		-	10 588	-	-	-	-	-	-	-	10 588
Finance charges		-	462	-	-	-	-	-	-	-	462
Contracted services		-	421	3 771	-	-	-	-	2 769	-	6 961
Transfers and grants		122	-	-	-	-	-	-	-	-	122
Other expenditure		5 741	9 664	9 745	5 494	9 034	2 093	1 123	695	812	44 401
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		19 464	29 427	19 919	11 992	15 532	6 373	6 327	14 241	1 173	124 449
Surplus/(Deficit)		(19 464)	98 497	(19 876)	(11 090)	(14 272)	(5 363)	(5 867)	(12 639)	(1 123)	8 803
Transfers recognised - capital		-	-	-	-	45 679	-	-	-	-	45 679
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(19 464)	98 497	(19 876)	(11 090)	31 407	(5 363)	(5 867)	(12 639)	(1 123)	54 482

Table 22 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits < 90 days		584	888	651	2 148	1 133	1 133	1 133	1 645	2 187	2 758
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	584	888	651	2 148	1 133	1 133	1 133	1 645	2 187	2 758
<u>Consumer debtors</u>											
Consumer debtors		10 494	14 136	16 647	11 488	22 549	22 549	22 549	36 896	48 205	57 458
Less: Provision for debt impairment		(3 893)	(5 401)	(6 289)	(6 849)	(7 486)	(7 486)	(7 486)	(8 758)	(10 105)	(11 526)
Total Consumer debtors	2	6 601	8 734	10 359	4 640	15 063	15 063	15 063	28 139	38 101	45 932
<u>Debt impairment provision</u>											
Balance at the beginning of the year		3 325	4 093	5 601	5 874	6 289	6 289	6 289	7 486	8 758	10 105
Contributions to the provision		569	1 508	887	974	1 198	1 198	1 198	1 272	1 347	1 421
Bad debts written off		–	–	–	–	–	–	–	–	–	–
Balance at end of year		3 893	5 601	6 489	6 849	7 486	7 486	7 486	8 758	10 105	11 526
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		96 546	160 084	234 876	344 619	270 161	270 161	270 161	365 620	428 280	492 202
Leases recognised as PPE	3	–	40	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		11 024	17 457	27 727	20 637	–	–	–	47 923	58 938	70 559
Total Property, plant and equipment (PPE)	2	85 522	142 666	207 149	323 982	270 161	270 161	270 161	317 698	369 342	421 643
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		303	252	272	2 272	282	282	282	1 102	1 261	3 988
Total Current liabilities - Borrowing		303	252	272	2 272	282	282	282	1 102	1 261	3 988
<u>Trade and other payables</u>											
Trade and other creditors		16 907	25 050	23 178	14 048	23 806	23 806	23 806	23 167	24 081	22 801
Unspent conditional transfers		3 244	20	1 080	–	–	–	–	–	–	–
VAT		–	–	–	–	–	–	–	–	–	–
Total Trade and other payables	2	20 150	25 070	24 258	14 048	23 806	23 806	23 806	23 167	24 081	22 801
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	–	1 197	674	35 188	404	404	404	7 997	27 235	43 748
Finance leases (including PPP asset element)		–	134	–	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		–	1 330	674	35 188	404	404	404	7 997	27 235	43 748
<u>Provisions - non-current</u>											
Retirement benefits		–	–	–	–	–	–	–	–	–	–
List other major provision items		–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation		1 753	4 877	2 512	1 753	1 457	1 457	1 457	1 457	1 457	1 457
Other(Long service awards)		2 500	20	1 958	2 500	1 958	1 958	1 958	1 958	1 958	1 958
Total Provisions - non-current		4 253	4 896	4 469	4 253	3 414	3 414	3 414	3 414	3 414	3 414
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		45 140	45 139	127 364	209 574	209 574	209 574	209 574	266 729	304 669	349 745
GRAP adjustments		–	27 831	(22)	–	(290)	(290)	(290)	–	–	–
Restated balance		45 140	72 971	127 342	209 574	209 284	209 284	209 284	266 729	304 669	349 745
Surplus/(Deficit)		24 243	43 776	63 706	70 127	59 661	59 661	59 661	54 482	64 726	59 861
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	69 383	116 747	191 048	279 701	268 945	268 945	268 945	321 211	369 394	409 606
<u>Reserves</u>											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	69 383	116 747	191 048	279 701	268 945	268 945	268 945	321 211	369 394	409 606

Table 23MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Provide sound democratic and accountable governance that promotes effective communication; financial viability and optimal institutional transformation.	Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the organisational structure to optimise the use of personnel.			57 240	63 082	46 276	94 094	50 825	50 825	53 642	60 685	61 840
Provide quality basic services and infrastructure.	Provision of waste removal; roads and storm water; town planning services and maintaining the assets and infrastructure of the town.			37 252	66 065	62 234	66 430	67 767	67 767	71 523	80 913	82 454
Foster participatory democracy and Batho Pele through caring, accessible and accountable service.	Optimising effective community participation in the ward committee system; and the implementation of Batho pele in the revenue management strategy.			312			653	16 942	16 942	17 881	20 228	20 613
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities.	Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively.			770	168	6 383	45	8 471	8 471	8 940	10 114	10 307
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.			41		44 681	180	25 413	25 413	26 945	30 663	31 443
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	95 614	129 315	159 573	161 402	169 417	169 417	178 931	202 603	206 657

Table 24MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Provide sound democratic and accountable governance that promotes effective communication; financial viability and optimal institutional transformation.	Providing oversight over the administration of the municipality; reviewing financial reports and performance reports; review of the organisational structure to optimise the use of personnel.			51 499	33 802	28 760	18 276	32 927	32 927	34 863	37 251	39 660
Provide quality basic services and infrastructure.	Provision of waste removal; roads and storm water; town planning services and maintaining the assets and infrastructure of the town.			15 674	31 043	38 347	46 101	43 903	43 903	45 151	48 256	51 390
Foster participatory democracy and Batho Pele through caring, accessible and accountable service.	Optimising effective community participation in the ward committee system; and the implementation of Batho pele in the revenue management strategy .			1 197		9 587	1 215	10 976	10 976	11 288	12 064	12 848
Fight poverty and build clean, healthy, safe sustainable communities as well as ensure integrated social services for communities.	Effective implementation of indigent policy, working with Health Organisations to implement HIV/AIDS Awareness Campaigns; extending waste removal services; and ensuring the landfill site meets the environmental requirements; ensuring the protection services and the disaster management services are operating effectively.			3 000	6 292	4 793	5 158	5 488	5 488	5 644	6 032	6 424
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.				14 401	14 380	20 526	16 464	16 464	27 504	34 274	36 475
Allocations to other priorities												
Total Expenditure				71 370	85 538	95 868	91 276	109 757	109 757	124 449	137 877	146 795

Table 25MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Provide sound democratic and accountable governance that promotes effective administration	Providing oversight over the administration of the municipality ; reviewing financial records and	A		1 247	33 996	19 423	840	21 842	21 842	17 166	18 798	19 177
		B										
Provide quality basic services and infrastructure.	Provision of waste removal; roads and storm water; town planning services and maintaining the assets and	C		32 716	26 262	25 898	70 077	29 122	29 122	22 888	25 064	25 569
		D										
Foster participatory democracy and Batho Pele through caring, accessible and accountable services	Optimising effective community participation in the ward committee system; and the implementation of Batho	E		17	–	6 474	60	7 281	7 281	5 722	6 266	6 392
		F										
Fight poverty and build clean, healthy, safe sustainable communities as well as	Effective implementation of indigent policy, working with Health Organisations to	G		832	32	3 237	3 323	3 640	3 640	2 861	3 133	3 196
	implement IDPs	H										
Economic growth and development that leads to sustainable job creation.	Facilitating the use of labour intensive approaches in the delivery of services and the	I			2 490	9 712	21 375	10 921	10 921	9 300	9 399	9 588
	creation of infrastructure	J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	34 811	62 780	64 744	95 675	72 806	72 806	57 938	62 660	63 922

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has for the first time developed and implemented a performance management system. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The planning, budgeting and reporting cycle can be graphically illustrated as follows:

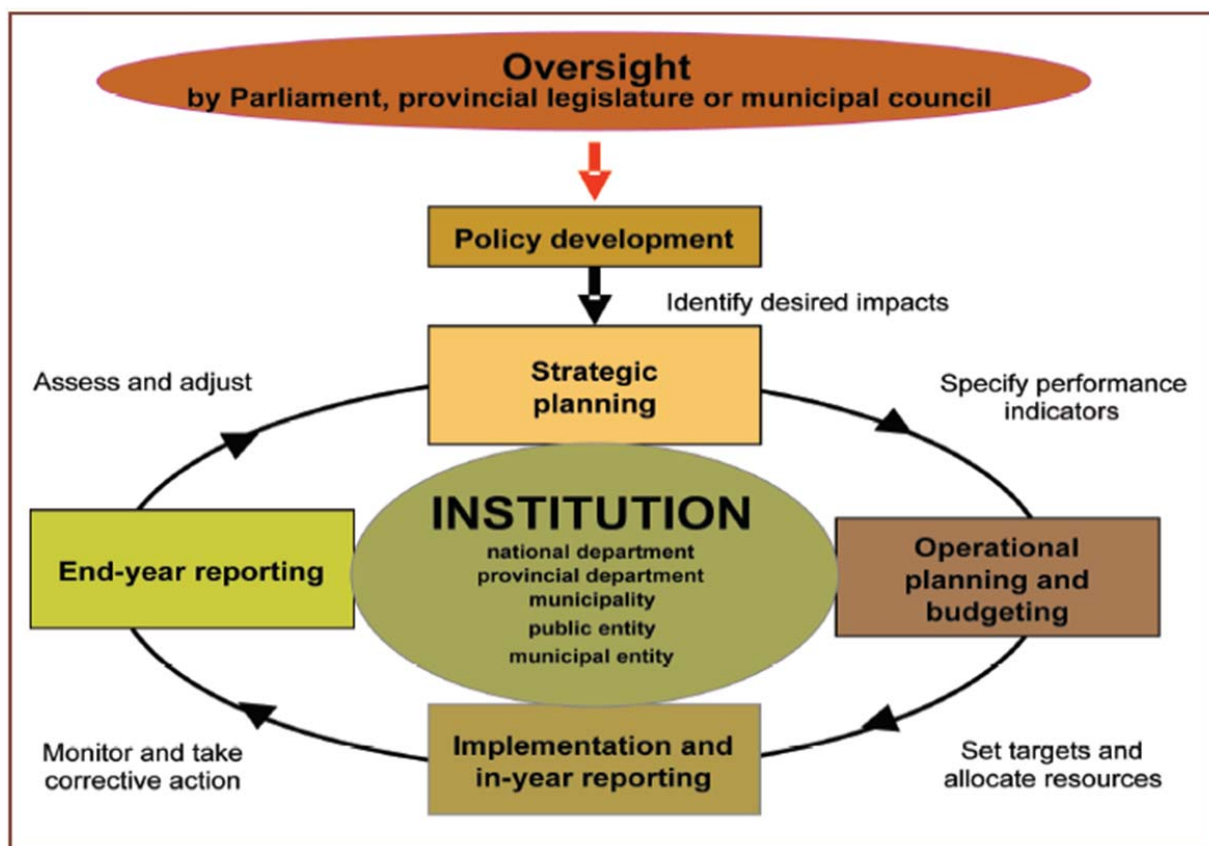








Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

-  Planning (setting goals, objectives, targets and benchmarks);
-  Monitoring (regular monitoring and checking on the progress against plan);
-  Measurement (indicators of success);
-  Review (identifying areas requiring change and improvement);
-  Reporting (what information, to whom, from whom, how often and for what purpose); and
-  Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

Table 26MBRR Table SA7 - Measurable performance objectives

KZN265 Nongoma - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote - Environmental Management										
Function: Waste Management										
Sub-function - Solid Waste										
Access to refuse removal	Number of households	80.0%	85.0%	85.0%	95.0%	95.0%	95.0%	96.0%	96.0%	100.0%
Vote - Environmental Management										
Function: Waste Management										
Sub-function - Solid Waste										
Extension/New landfill site	Number of landfill sites	50.0%	50.0%	50.0%	60.0%	60.0%	60.0%	100.0%	100.0%	100.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub-function - Roads										
Road resurfacing/upgrading	Rehabilitation of R66	10.0%	40.0%	40.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub-function - Roads										
Provision of new access roads	Number of access roads	50.0%	60.0%	60.0%	80.0%	80.0%	80.0%	90.0%	90.0%	90.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub-function - Roads										
Provision of new taxi rank	Number of taxi ranks	15.0%	50.0%	50.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub-function - Roads										
Provision of new bypass road	Kms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	40.0%	100.0%
Vote - Transport and Roads										
Function - Roads and Storm Water										
Sub-function - Vehicle Test Centre										
Provision of new vehicle test centre	Number	10.0%	20.0%	20.0%	90.0%	90.0%	90.0%	100.0%	100.0%	100.0%
Vote - Planning and Development										
Function - Technical Services										
Sub-function - Community Projects										
Provision of new creches	Number	50.0%	55.0%	55.0%	60.0%	60.0%	60.0%	90.0%	100.0%	100.0%
Vote - Planning and Development										
Function - Technical Services										
Sub-function - Community Projects										
Provision of community halls	Number	50.0%	55.0%	55.0%	60.0%	60.0%	60.0%	90.0%	100.0%	100.0%
Vote - Planning and Development										
Function - Technical Services										
Sub-function - Community Projects										
Provision of roads	Number	50.0%	55.0%	55.0%	60.0%	60.0%	60.0%	90.0%	100.0%	100.0%
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 27MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	1.0%	0.8%	0.6%	6.0%	0.3%	0.3%	0.3%	1.3%	1.7%	4.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	10.6%	6.3%	4.8%	37.7%	1.1%	1.1%	1.1%	4.8%	6.8%	16.6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	41.7%	-8.3%	152.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.4	0.4	0.5	0.7	1.1	1.1	1.1	1.6	2.2	2.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.4	0.4	0.5	0.7	1.1	1.1	1.1	1.6	2.2	2.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.0	0.0	0.3	0.4	0.4	0.4	0.3	0.6	0.4
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		44.7%	35.7%	51.3%	84.8%	80.4%	80.4%	80.4%	55.0%	66.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		44.4%	35.7%	51.3%	84.8%	80.4%	80.4%	80.4%	55.0%	66.5%	74.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.4%	15.6%	14.1%	6.6%	14.7%	14.7%	14.7%	23.8%	25.9%	31.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		2121.2%	-477.3%	2952.2%	206.7%	228.3%	228.3%	228.3%	273.2%	155.4%	205.2%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	38.7%	45.3%	48.4%	39.8%	39.9%	39.9%	39.9%	37.2%	32.7%	34.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	51.1%	58.8%	53.1%	50.2%	48.9%	48.9%		45.5%	39.9%	41.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.3%	4.3%	2.9%	8.4%	4.3%	4.3%		6.5%	5.9%	6.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.8%	16.7%	11.8%	4.6%	8.7%	8.7%	8.7%	8.3%	7.6%	8.5%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	3.8	13.6	2.6	19.6	19.6	19.6	18.9	18.0	7.5	8.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	188.5%	119.7%	117.1%	56.5%	60.1%	60.1%	60.1%	105.2%	130.6%	154.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.2	(1.1)	0.1	1.1	1.5	1.5	1.5	1.1	1.9	1.3

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and the following related policies:

- Credit control and debt collection procedures/policies;
- Asset Management, Infrastructure Investment and Funding Policy;
- Tariff Policies;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy





2.5 Overview of budget assumptions

2.5.1 External factors

The economic slowdown has resulted in the financial resources being limited due to reduced payment levels by consumers. As a result the cash inflows have declined which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

-  National Government macro economic targets;
-  The general inflationary outlook and the impact on Municipality's residents and businesses;
-  The impact of municipal cost drivers; and
-  The increase in the cost of remuneration. Employee related costs comprise 40.2% of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions indicated that it is the last year for agreement and the negotiations will commence for the new agreement. National treasury recommended that we factor in 6.79% for 2014/15 and 6.4% two outer years

2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. In the 2014/15 MTREF it has been assumed that all borrowings are undertaken using fixed prime interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.4 Collection rate for revenue services

The base assumption is that tariff will increase at a rate of inflation provided by National Treasury in Circular 72. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (40 per cent) of annual billings. Cash flow is assumed to be 40 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however be considered a source of additional cash in-flow once the performance has been carefully monitored. The 40 per cent collection rate relates to the recoveries from the business community and the government. The collections from the residents are negligible due to the high rate of unemployment.

2.5.5 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate and real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.6 Salary increases

The wage bill over the MTREF has been increased at a rate of 6.79 per cent and 6.4 per cent in the two outer years of the MTREF as guided by MFMA circular 72.





2.5.7 Remuneration of Councillors

It has been assumed that the number of Councillors will remain 42 in 2014/15. And that only the Speaker, Mayor and Deputy Mayor will be remunerated at upper limits applicable to full-time councillors.

The remuneration of Councillors has been budgeted for based at the upper limits equivalent to 95% of remuneration packages for a Grade 3 municipality gazetted by the Minister of Cooperative Governance and Traditional Affairs (Cogta) in February 2014

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

-  Creating jobs;
-  Enhancing education and skill development;
-  Rural development and agriculture; and
-  Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100% on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

2.5.10 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

Table 28 Sources of capital revenue over the MTREF

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funded by:											
National Government		32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Public contributions & donations	5	–	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	30 672	–	–	–	7 950	20 500	20 500
Internally generated funds		2 763	2 797	9 326	3 560	19 463	19 463	19 463	4 309	1 000	1 000
Total Capital Funding	7	34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922

Capital grants and receipts equates to 78.8% of the total funding source which represents R45.6 million for the 2014/15 financial year. Borrowings equates to 13.7% whilst own funds equate to only 7.4% in 2014/15 financial period.

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 29 MBRR SA10 – Funding compliance measurement

Nongoma Municipality

Final Budget and MTREF 2014/15

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	797	(5 249)	785	6 795	10 430	10 430	10 430	8 479	15 499	11 112
Cash + investments at the yr end less applications - R'000	18(1)b	2	(15 566)	(26 656)	(17 120)	(2 521)	361	361	361	2 758	19 197	27 034
Cash year end/monthly employee/supplier payments	18(1)b	3	0.2	(1.1)	0.1	1.1	1.5	1.5	1.5	1.1	1.9	1.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	24 243	43 776	63 706	70 127	59 661	59 661	59 661	55 482	65 785	60 979
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	80.8%	17.6%	3.5%	141.5%	(6.0%)	(6.0%)	0.0%	(0.0%)	(0.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	44.4%	35.7%	51.3%	84.8%	80.4%	80.4%	80.4%	55.0%	66.5%	74.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	132.5%	17.6%	8.4%	8.4%	4.2%	4.2%	4.2%	4.2%	4.2%	4.1%
Capital payments % of capital expenditure	18(1)c:19	8	98.5%	100.2%	100.0%	101.8%	76.4%	76.4%	76.4%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	41.7%	(8.3%)	152.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	20.5%	20.6%	(47.0%)	160.5%	0.0%	0.0%	85.7%	31.6%	25.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.3%	2.0%	1.2%	2.6%	1.8%	1.8%	3.2%	2.7%	2.6%	2.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			86.8%	23.6%	9.5%	147.5%	0.0%	0.0%	6.0%	6.0%	6.0%
% incr Property Tax	18(1)a			98.7%	27.1%	10.2%	174.0%	0.0%	0.0%	6.0%	6.0%	6.0%
% incr Service charges - electricity revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			45.2%	6.7%	5.6%	(8.9%)	0.0%	0.0%	6.2%	5.9%	5.5%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		4 520	8 581	10 581	11 615	28 450	28 450	28 450	30 161	31 968	33 877
Service charges			4 520	8 442	10 432	11 428	28 284	28 284	28 284	29 984	31 781	33 680
Property rates			3 508	6 973	8 864	9 773	26 775	26 775	26 775	28 382	30 085	31 890
Service charges - electricity revenue			-	-	-	-	-	-	-	-	-	-
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-
Service charges - refuse removal			1 012	1 470	1 568	1 655	1 508	1 508	1 508	1 602	1 696	1 790
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			-	139	149	186	166	166	166	177	187	197
Capital expenditure excluding capital grant funding			2 763	2 797	9 326	34 232	19 463	19 463	19 463	12 259	21 500	21 500
Cash receipts from ratepayers	18(1)a		2 875	3 525	6 080	11 946	24 157	24 157	24 157	17 522	22 470	26 535
Ratepayer & Other revenue	18(1)a		6 470	9 885	11 858	14 093	30 059	30 059	30 059	31 870	33 779	35 787
Change in consumer debtors (current and non-current)			1 380	1 750	2 116	(5 828)	4 704	4 704	4 704	25 172	10 027	10 463
Operating and Capital Grant Revenue	18(1)a		88 815	119 025	147 180	146 827	138 877	138 877	138 877	146 549	168 282	170 298
Capital expenditure - total	20(1)(vi)		34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922
Capital expenditure - renewal	20(1)(vi)		-	-	-	-	-	-	-	-	-	-
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										100 009	126 373	126 870
DoRA capital grants total MFY										45 679	41 160	42 422
Provincial operating grants										811	699	956
Provincial capital grants										-	-	-
District Municipality grants										50	50	50
Total gazetted/adv ised national, provincial and district grants										146 549	168 282	170 298
Average annual collection rate (arrears inclusive)												
DoRA operating												
Equitable share										96 234	123 456	123 752
Municipal systems improvement grant										934	967	1 018
Finance management grant										1 800	1 950	2 100
other grants (EPWP, provincial allocations)										1 902	749	1 006
										100 870	127 122	127 876
DoRA capital												
Integrated National electrification programme										6 000	10 000	10 000
Municipal Infrastructure grant										29 812	31 160	32 422
Neighbourhood Development Partnership										9 867	-	-
										-	-	-
										45 679	41 160	42 422
Trend												
Change in consumer debtors (current and non-current)			1 380	1 750	2 116	4 704	25 172	10 027	10 463	-	-	-
Total Operating Revenue												
			59 374	65 931	87 787	99 959	116 074	116 074	116 074	133 252	161 443	164 235
Total Operating Expenditure												
			71 371	85 539	95 868	91 275	109 757	109 757	109 757	123 449	136 818	145 678
Operating Performance Surplus/(Deficit)												
			(11 997)	(19 608)	(8 081)	8 684	6 318	6 318	6 318	9 803	24 625	18 557
Cash and Cash Equivalents (30 June 2012)												
										8 479		

Nongoma Municipality

Final Budget and MTREF 2014/15

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue												
% Increase in Total Operating Revenue				11.0%	33.1%	13.9%	16.1%	0.0%	0.0%	14.8%	21.2%	1.7%
% Increase in Property Rates Revenue				109.0%	32.8%	10.0%	162.6%	0.0%	0.0%	6.0%	6.0%	6.0%
% Increase in Electricity Revenue				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Property Rates & Services Charges				86.8%	23.6%	9.5%	147.5%	0.0%	0.0%	6.0%	6.0%	6.0%
Expenditure												
% Increase in Total Operating Expenditure				19.9%	12.1%	(4.8%)	20.2%	0.0%	0.0%	12.5%	10.8%	6.5%
% Increase in Employee Costs				30.2%	42.2%	(6.5%)	16.6%	0.0%	0.0%	7.0%	6.4%	6.4%
% Increase in Electricity Bulk Purchases				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Cost Per Budgeted Employee Position (Remuneration)					107631.8691	3058210.821				3542179.341		
Average Cost Per Councillor (Remuneration)					198311.0952	248253.4062				263148.6107		
R&M % of PPE			2.3%	2.0%	1.2%	2.6%	1.8%	1.8%		2.7%	2.6%	2.4%
Asset Renewal and R&M as a % of PPE			2.0%	2.0%	1.0%	3.0%	2.0%	2.0%		3.0%	3.0%	2.0%
Debt Impairment % of Total Billable Revenue			132.5%	17.6%	8.4%	8.4%	4.2%	4.2%	4.2%	4.2%	4.2%	4.1%
Capital Revenue												
Internally Funded & Other (R'000)			2 763	2 797	9 326	3 560	19 463	19 463	19 463	4 309	1 000	1 000
Borrowing (R'000)			–	–	–	30 672	–	–	–	7 950	20 500	20 500
Grant Funding and Other (R'000)			32 049	59 983	55 418	61 443	53 343	53 343	53 343	45 679	41 160	42 422
Internally Generated funds % of Non Grant Funding			100.0%	100.0%	100.0%	10.4%	100.0%	100.0%	100.0%	35.1%	4.7%	4.7%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	89.6%	0.0%	0.0%	0.0%	64.9%	95.3%	95.3%
Grant Funding % of Total Funding			92.1%	95.5%	85.6%	64.2%	73.3%	73.3%	73.3%	78.8%	65.7%	66.4%
Capital Expenditure												
Total Capital Programme (R'000)			34 811	62 780	64 744	95 675	72 806	72 806	72 806	57 938	62 660	63 922
Asset Renewal			–	–	–	–	–	–	–	–	–	–
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash												
Cash Receipts % of Rate Payer & Other			44.4%	35.7%	51.3%	84.8%	80.4%	80.4%	80.4%	55.0%	66.5%	74.1%
Cash Coverage Ratio			0	(0)	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			1.0%	0.8%	0.6%	6.0%	0.3%	0.3%	0.3%	1.3%	1.7%	4.2%
Borrowing Receipts % of Capital Expenditure			0.0%	41.7%	(8.3%)	152.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			(15 566)	(26 656)	(17 120)	(2 521)	361	361	361	2 758	19 197	27 034
Free Services												
Free Basic Services as a % of Equitable Share			0.1%	0.1%	0.0%	0.1%	0.1%	0.1%		0.1%	0.1%	0.1%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	5.9%	4.9%	7.6%	3.6%	3.6%		3.4%	3.2%	3.0%
High Level Outcome of Funding Compliance												
Total Operating Revenue			59 374	65 931	87 787	99 959	116 074	116 074	116 074	133 252	161 443	164 235
Total Operating Expenditure			71 371	85 539	95 868	91 275	109 757	109 757	109 757	123 449	136 818	145 678
Surplus/(Deficit) Budgeted Operating Statement			(11 997)	(19 608)	(8 081)	8 684	6 318	6 318	6 318	9 803	24 625	18 557
Surplus/(Deficit) Considering Reserves and Cash Backing			(27 563)	(46 263)	(25 202)	6 163	6 678	6 678	6 678	12 561	43 821	45 591
MTREF Funded (1) / Unfunded (0)	15		0	0	0	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15		✗	✗	✗	✓	✓	✓	✓	✓	✓	✓

Table 30 MBRR SA15 – Investment particulars by type

Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		584	888	651	2 148	1 133	1 133	1 645	2 187	2 758
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	584	888	651	2 148	1 133	1 133	1 645	2 187	2 758
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		584	888	651	2 148	1 133	1 133	1 645	2 187	2 758

2.6 Expenditure on grants and reconciliations of unspent funds

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

Table 31MBRR Table SA 18 - Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		51 659	55 328	75 301	84 700	84 700	84 700	100 009	126 373	126 870
Local Government Equitable Share		49 419	53 088	72 001	81 160	81 160	81 160	96 234	123 456	123 752
Finance Management		1 450	1 450	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		790	790	800	890	890	890	934	967	1 018
Integrated National Electrification Programme		-	-	-	-	-	-	-	-	-
EPWP Incentive		-	-	1 000	1 000	1 000	1 000	1 041	-	-
Other transfers/grants [insert description]						-				
Provincial Government:		532	233	245	634	784	784	811	699	956
Provincialisation of Libraries		332	233	245	514	514	514	535	567	597
Municipal Assistance Programme		200	-	-	-	-	-	-	-	-
Community Library Services		-	-	-	120	120	120	126	132	359
Infrastructure		-	-	-	-	-	-	-	-	-
sports fields maintenance		-	-	-	-	150	150	150	-	-
District Municipality:		80	100	50	50	50	50	50	50	50
Tourism		80	100	50	50	50	50	50	50	50
Zululand district Municipality										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	52 271	55 661	75 596	85 384	85 534	85 534	100 870	127 122	127 876
Capital Transfers and Grants										
National Government:		32 351	61 368	71 868	61 443	53 343	53 343	45 679	41 160	42 422
Municipal Infrastructure Grant (MIG)		17 351	20 868	25 314	27 343	27 343	27 343	29 812	31 160	32 422
Neighbourhood Development Partnership		15 000	40 500	20 554	26 100	26 000	26 000	9 867	-	-
Integrated National Electrification Programme		-	-	26 000	8 000	-	-	6 000	10 000	10 000
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	1 000	-	-	-	-	-	-
municipal pound		-	-	1 000	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Tourism		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	32 351	61 368	72 868	61 443	53 343	53 343	45 679	41 160	42 422
TOTAL RECEIPTS OF TRANSFERS & GRANTS		84 622	117 029	148 464	146 827	138 877	138 877	146 549	168 282	170 298

Table 32 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		51 659	55 328	75 296	84 700	84 700	84 700	100 009	126 373	126 870
Local Government Equitable Share		49 419	53 088	72 001	81 160	81 160	81 160	96 234	123 456	123 752
Finance Management		1 450	1 450	1 500	1 650	1 650	1 650	1 800	1 950	2 100
Municipal Systems Improvement		790	790	800	890	890	890	934	967	1 018
Integrated National Electrification Programme		-	-	-	-	-	-	-	-	-
EPWP Incentive		-	-	995	1 000	1 000	1 000	1 041	-	-
Other transfers/grants [insert description]										
Provincial Government:		532	233	245	634	784	784	811	699	956
Provincialisation of Libraries		332	233	245	514	514	514	535	567	597
Municipal Assistance Programme		200	-	-	-	-	-	-	-	-
Community Library Services		-	-	-	120	120	120	126	132	359
Infrastructure		-	-	-	-	150	150	-	-	-
sports fields maintenance		-	-	-	-	-	-	150	-	-
District Municipality:		30	80	-	50	50	50	50	50	50
Tourism		30	80	-	50	50	50	50	50	50
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		52 221	55 641	75 541	85 384	85 534	85 534	100 870	127 122	127 876
Capital expenditure of Transfers and Grants										
National Government:		32 351	63 384	54 712	61 443	53 343	53 343	45 679	41 160	42 422
Municipal Infrastructure Grant (MIG)		17 351	22 660	17 992	27 343	27 343	27 343	29 812	31 160	32 422
Neighbourhood Development Partnership		15 000	40 724	20 554	26 100	26 000	26 000	9 867	-	-
Integrated National Electrification Programme		-	-	16 166	8 000	-	-	6 000	10 000	10 000
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Municipal Pound		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Tourism		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		32 351	63 384	54 712	61 443	53 343	53 343	45 679	41 160	42 422
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		84 572	119 025	130 253	146 827	138 877	138 877	146 549	168 282	170 298

Table 33MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		815	–	–	–	5	5	–	–	–
Current year receipts		52 575	55 338	75 301	84 700	84 700	84 700	100 009	126 373	126 870
Conditions met - transferred to revenue		52 162	54 110	75 296	84 700	84 705	84 705	100 009	126 373	126 870
Conditions still to be met - transferred to liabilities		1 228	1 228	5	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		383	223	245	634	634	634	811	699	956
Conditions met - transferred to revenue		383	223	245	634	634	634	811	699	956
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	20	–	50	50	–	–	–
Current year receipts		30	80	50	50	50	50	50	50	50
Conditions met - transferred to revenue		30	80	20	50	100	100	50	50	50
Conditions still to be met - transferred to liabilities		–	–	50	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total operating transfers and grants revenue		52 575	54 413	75 561	85 384	85 439	85 439	100 870	127 122	127 876
Total operating transfers and grants - CTBM	2	1 228	1 228	55	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		5 713	2 016	–	–	17 156	17 156	–	–	–
Current year receipts		28 351	61 368	71 868	61 443	53 343	53 343	45 679	41 160	42 422
Conditions met - transferred to revenue		32 049	63 384	54 706	61 443	70 499	70 499	45 679	41 160	42 422
Conditions still to be met - transferred to liabilities		2 016	–	17 162	–	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year		–	–	–	500	830	830	–	–	–
Current year receipts		–	–	1 000	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	500	830	830	–	–	–
Conditions still to be met - transferred to liabilities		–	–	1 000	–	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year		–	–	–	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Total capital transfers and grants revenue		32 049	63 384	54 706	61 943	71 329	71 329	45 679	41 160	42 422
Total capital transfers and grants - CTBM	2	2 016	–	18 162	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		84 623	117 797	130 267	147 327	156 768	156 768	146 549	168 282	170 298
TOTAL TRANSFERS AND GRANTS - CTBM		3 244	1 228	18 217	–	–	–	–	–	–

2.7 Councilor and employee benefits

Table 34MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	1	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages		4 781	5 674	5 855	6 286	6 286	6 286	6 663	6 996	7 346
Pension and UIF Contributions		583	781	827	888	888	888	941	988	1 038
Medical Aid Contributions		167	75	93	100	100	100	106	111	116
Motor Vehicle Allowance		1 463	1 891	2 258	2 424	2 424	2 424	2 570	2 698	2 833
Cellphone Allowance		396	434	531	570	570	570	604	635	666
Housing Allowances						–	–			
Other benefits and allowances				148	159	159	159	168	177	186
Sub Total - Councillors		7 390	8 855	9 712	10 427	10 427	10 427	11 052	11 605	12 185
% increase	4		19.8%	9.7%	7.4%	–	–	6.0%	5.0%	5.0%
<u>Senior Managers of the Municipality</u>	2									
Basic Salaries and Wages		2 639	2 890	3 615	3 880	3 880	3 880	4 144	4 409	4 692
Pension and UIF Contributions		585	496	600	645	645	645	688	732	779
Medical Aid Contributions		33	71		99	99	99	105	112	119
Overtime		–	–			–	–			
Performance Bonus		–	–			–	–			
Motor Vehicle Allowance	3	342	96	453	487	487	487	520	553	589
Cellphone Allowance	3	23	–			–	–			
Housing Allowances	3	7	–	15	16	16	16	17	18	19
Other benefits and allowances	3	206	459	816	876	876	876	936	995	1 059
Payments in lieu of leave						–	–			
Long service awards						–	–			
Post-retirement benefit obligations	6					–	–			
Sub Total - Senior Managers of Municipality		3 835	4 012	5 499	6 002	6 002	6 002	6 411	6 821	7 257
% increase	4		4.6%	37.1%	9.1%	–	–	6.8%	6.4%	6.4%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		12 559	15 024	19 387	20 812	26 464	26 464	29 673	31 572	33 593
Pension and UIF Contributions		2 790	508	4 812	5 166	6 216	6 216	6 407	6 817	7 253
Medical Aid Contributions		404	581	717	770	1 321	1 321	1 294	1 377	1 465
Overtime		1 252	1 619	2 832	3 040	2 027	2 027	2 165	2 304	2 451
Performance Bonus		848	1 753	1 578	1 694	1 959	1 959	2 002	2 130	2 266
Motor Vehicle Allowance	3	209	25	343	368	1 271	1 271	985	1 048	1 115
Cellphone Allowance	3	–	–			–	–			
Housing Allowances	3	8	–	13	14	31	31	15	16	17
Other benefits and allowances	3	1 051	1 880	1 759	1 888	1 063	1 063	639	680	723
Payments in lieu of leave			1 341			–	–			
Long service awards			3 145			–	–			
Post-retirement benefit obligations	6					–	–			
Sub Total - Other Municipal Staff		19 121	25 876	31 442	33 754	40 351	40 351	43 180	45 943	48 884
% increase	4		35.3%	21.5%	7.4%	19.5%	–	7.0%	6.4%	6.4%
Total Parent Municipality		30 346	38 743	46 653	50 183	56 780	56 780	60 643	64 369	68 326
			27.7%	20.4%	7.6%	13.1%	–	6.8%	6.1%	6.1%
TOTAL SALARY, ALLOWANCES & BENEFITS		30 346	38 743	46 653	50 183	56 780	56 780	60 643	64 369	68 326
% increase	4		27.7%	20.4%	7.6%	13.1%	–	6.8%	6.1%	6.1%
TOTAL MANAGERS AND STAFF	5,7	22 956	29 888	36 941	39 756	46 354	46 354	49 590	52 764	56 141

Table 35 MBRR SA24– Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		42	–	42	42	–	42	42	–	42
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5									
Municipal Manager and Senior Managers	3	7	4	3	7	4	3	6	4	2
Other Managers	7	4	4	–	6	6	–	8	8	–
Professionals		187	183	174	198	193	5	203	198	5
Finance		18	14	5	19	14	5	21	16	5
Spatial/town planning		4	4	4	4	4	–	5	5	–
Information Technology		–	–	–	1	1	–	3	3	–
Roads		10	10	10	10	10	–	10	10	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		64	64	64	64	64	–	64	64	–
Other		91	91	91	100	100	–	100	100	–
Technicians		6	6	6	6	6	–	8	8	–
Finance		–	–	–	–	–	–	–	–	–
Spatial/town planning		–	–	–	–	–	–	–	–	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		6	6	6	6	6	–	8	8	–
Clerks (Clerical and administrative)		2	2	2	2	2	–	2	2	–
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		–	–	–	–	–	–	–	–	–
Plant and Machine Operators		–	–	–	–	–	–	–	–	–
Elementary Occupations		–	–	–	–	–	–	–	–	–
TOTAL PERSONNEL NUMBERS	9	248	199	227	261	211	50	269	220	49
% increase					5.2%	6.0%	(78.0%)	3.1%	4.3%	(2.0%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15											
		July	August	Sept.	October	November	December	January	February	March	April	May	June
R thousand													
Revenue By Source													
Property rates		1 951	1 951	1 951	1 951	1 951	1 951	1 951	1 951	1 951	1 951	1 951	1 951
Property rates - penalties & collection charges		415	415	415	415	415	415	415	415	415	415	415	415
Service charges - electricity revenue													
Service charges - water revenue													
Service charges - sanitation revenue													
Service charges - refuse revenue		134	134	134	134	134	134	134	134	134	134	134	134
Service charges - other													
Rental of facilities and equipment		15	15	15	15	15	15	15	15	15	15	15	15
Interest earned - external investments		43	43	43	43	43	43	43	43	43	43	43	43
Interest earned - outstanding debtors													
Dividends received													
Fines		6	6	6	6	6	6	6	6	6	6	6	6
Licences and permits		84	84	84	84	84	84	84	84	84	84	84	84
Agency services													
Transfers recognised - operational		42 218	1 375	685	126	32 057	—	50	300	24 059	—	—	—
Other revenue		52	52	52	52	52	52	52	52	52	52	52	52
Gains on disposal of PPE													
Total Revenue (excluding capital transfers and contributions)		44 917	4 073	3 383	2 824	34 756	2 698	2 748	2 998	26 757	2 698	2 698	2 698
Expenditure By Type													
Employee related costs		4 133	4 133	4 133	4 133	4 133	4 133	4 133	4 133	4 133	4 133	4 133	4 133
Remuneration of councillors		921	921	921	921	921	921	921	921	921	921	921	921
Debt impairment		106	106	106	106	106	106	106	106	106	106	106	106
Depreciation & asset impairment		882	882	882	882	882	882	882	882	882	882	882	882
Finance charges		39	39	39	39	39	39	39	39	39	39	39	39
Bulk purchases													
Other materials													
Contracted services		1 303	1 303	1 303	1 303	1 303	1 303	1 303	1 303	1 303	1 303	1 303	1 303
Transfers and grants		10	10	10	10	10	10	10	10	10	10	10	10
Other expenditure		2 978	2 978	2 978	2 978	2 978	2 978	2 978	2 978	2 978	2 978	2 978	2 978
Loss on disposal of PPE													
Total Expenditure		10 371	10 371	10 371	10 371	10 371	10 371	10 371	10 371	10 371	10 371	10 371	10 371
Surplus/(Deficit)		34 546	(6 297)	(6 987)	(7 546)	24 385	(7 672)	(7 622)	(7 372)	16 386	(7 672)	(7 672)	(7 672)
Transfers recognised - capital		17 465	—	5 667	10 434	2 171	2 800	—	1 776	5 366	—	—	—
Contributions recognised - capital													
Contributed assets													
Surplus/(Deficit) after capital transfers & contributions		52 011	(6 297)	(1 321)	2 888	26 556	(4 872)	(7 622)	(5 596)	21 752	(7 672)	(7 672)	(7 672)
Taxation													
Attributable to minorities													
Share of surplus/ (deficit) of associate													
Surplus/(Deficit)	1	52 011	(6 297)	(1 321)	2 888	26 556	(4 872)	(7 622)	(5 596)	21 752	(7 672)	(7 672)	(7 672)

Table 37 MBRR SA32 – List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Tetrafull 1261 cc	Yrs	3	Maintenance of landfill site	30 June 2014	2 316
Globetech Security Serviess cc	Yrs	3	Security Services	30 June 2014	2 652
Netwize	Yrs	Ongoing	IT Services	N/A	65
Camelsa	Yrs	1	Financial Systems Support	30 June 2014	360
Perst Control	Yrs	3	Perst Control	30 June 2016	332

2.8 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Table 39 MBRR SA33 – Contracts having future budgetary implications

No such contractes in place.

2.9 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 40 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure	2	24 514	46 569	55 418	82 593	71 980	71 980	51 679	41 160	42 422
Infrastructure - Road transport		19 077	30 109	42 918	62 093	71 150	71 150	45 679	31 160	32 422
Roads, Pavements & Bridges		19 077	30 109	42 918	62 093	71 150	71 150	45 679	31 160	32 422
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	12 500	20 000	-	-	6 000	10 000	10 000
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	12 500	20 000	-	-	6 000	10 000	10 000
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		5 437	16 461	-	500	830	830	-	-	-
Waste Management		-	169	-	-	-	-	-	-	-
Transportation		5 437	16 292	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other		-	-	-	500	830	830	-	-	-
Community		7 535	13 582	-	-	-	-	-	-	-
Parks & gardens		7	-	-	-	-	-	-	-	-
Sportsfields & stadia			394	2 872	-	-	-	-	-	-
Swimming pools			-	-	-	-	-	-	-	-
Community halls			4 146	4 823	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-
Recreational facilities			2 995	482	-	-	-	-	-	-
Fire, safety & emergency			-	-	-	-	-	-	-	-
Security and policing			-	-	-	-	-	-	-	-
Buses			-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-
Museums & Art Galleries			-	5 405	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-
Social rental housing	-		-	-	-	-	-	-	-	
Other	-		-	-	-	-	-	-	-	
Heritage assets	9	-	-	-	-	-	-	-	-	
Buildings		-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Investment properties	10	-	-	-	-	-	-	-	-	
Housing development		-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	
Other assets	10	1 918	2 628	9 326	13 082	826	826	6 259	21 500	21 500
General v ehicles		378	2 051	199	4 672	518	518	1 950	500	500
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		223	19	108	1 102	-	-	1 454	-	-
Computers - hardware/equipment		244	195	344	93	93	93	258	-	-
Furniture and other office equipment		241	363	160	215	215	215	497	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		832	-	8 515	1 000	-	-	-	20 000	20 000
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Inv estment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	6 000	-	-	2 100	1 000	1 000
Agricultural assets		11	-	-	-	-	-	-	-	-
List sub-class			-	-	-	-	-	-	-	-
Biological assets	12	-	-	-	-	-	-	-	-	
List sub-class		-	-	-	-	-	-	-	-	
Intangibles	13	845	-	-	-	-	-	-	-	
Computers - software & programming		845	-	-	-	-	-	-	-	
Other (list sub-class)		-	-	-	-	-	-	-	-	
Total Capital Expenditure on new assets	1	34 811	62 780	64 744	95 675	72 806	72 806	57 938	62 660	63 922

Table 41 MBRR SA34b - Capital expend on the renewal of existing assets by asset class

No such expenditure.

Table 42MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
<u>Infrastructure</u>		805	1 901	1 019	2 744	1 995	1 995	4 085	4 326	4 564
Infrastructure - Road transport		805	1 901	1 019	2 744	1 995	1 995	4 085	4 326	4 564
<i>Roads, Pavements & Bridges</i>		805	1 901	1 019	2 744	1 995	1 995	4 085	4 326	4 564
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
<u>Other assets</u>		1 175	941	1 529	5 659	2 992	2 992	4 587	5 221	5 508
General vehicles		593	447	510	1 450	997	997	1 009	1 423	1 502
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		5	40	255	223	499	499	101	116	123
Computers - hardware/equipment		62	39	-	30	-	-	-	-	-
Furniture and other office equipment		-	200	-	-	-	-	-	-	-
Other Buildings		515	216	765	3 956	1 496	1 496	3 476	3 682	3 884
Other		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	1 980	2 842	2 548	8 404	4 987	4 987	8 672	9 547	10 072
<u>Specialised vehicles</u>		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
<i>R&M as a % of PPE</i>		2.3%	2.0%	1.2%	2.6%	1.8%	1.8%	2.7%	2.6%	2.4%
<i>R&M as % Operating Expenditure</i>		2.8%	3.3%	2.7%	9.2%	4.5%	4.5%	7.0%	7.0%	6.9%

2.10 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) still need to improve.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme that is funded by National Treasury and has appointed five (5) interns on a 2 year contract basis. This is a conditional grant allocation and it is then the responsibility of the municipality to ensure Financial Management Grant is spent in full at the end of the year.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

The Audit Committee is functioning satisfactorily during the year.

5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.11 Municipal manager's quality certificate

I, BE Ntanzu, municipal manager of Nongoma Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

BE Ntanzu

Municipal manager of Nongoma Municipality (KZN265)

Signature _____

Date 15 May 2014